

**EXECUTIVE SECRETARIAT**  
ROUTING SLIP

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
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3	EXDIR				
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10	GC				
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13	D/OLL				
14	D/PAO				
15	VC/NIC				
16	C/NE/DO		X		
17	D/NESA/DI		X		
18	NIO/NE		X		
19	D/OCR/DI		X		
20	<i>ER</i>				
21					
22					

SUSPENSE \_\_\_\_\_  
Date

Remarks

Executive Secretary

25 Oct 85

Date

STAT

S/S 8531609 thru 8531639

United States Department of State

Washington, D.C. 20520



October 24, 1985

85 OCT 24 P11:06

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Executive Registry  
85-4133

MEMORANDUM TO:

D	-	Mr. Whitehead
P	-	Mr. Armacost
E	-	Mr. Wallis
T	-	Mr. Schneider
M	-	Mr. Spiers
C	-	Mr. Derwinski
CA	-	Ms. Clark
EB	-	Mr. McMinn
EUR	-	Ms. Ridgway
H	-	Mr. Ball
HA	-	Mr. Moser
INM	-	Mr. Thomas
INR	-	Mr. Abramowitz
IO	-	Mr. Keyes
L	-	Judge Sofaer
NEA	-	Mr. Murphy
OES	-	Mr. Negroponte
PA	-	Mr. Kalb
PM	-	Mr. Holmes
RP	-	Mr. Purcell
S/NP	-	Mr. Kennedy
S/P	-	Mr. Rodman
AID	-	Mr. Richard Meyer
TREAS	-	Ms. Cooksey
USDOC	-	Ms. Robbins
OPIC	-	Ms. Sullivan
USTR	-	Mr. Frierson
USDA	-	Mr. Russell
CIA	-	[Redacted]
INR/B	-	Mr. Peter Hirsch
USIA	-	Mr. William LaSalle

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S/S  
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SUBJECT: Requirements for Under Secretary Wallis' trip to India and Pakistan, November 13-19, 1985

COORDINATOR FOR INDIA: Ray Riemer, NEA/INS, Room 5251, 632-0701  
 COORD. FOR PAKISTAN: Jim Larocco, NEA/PAB, Room 5247, 632-9823  
 E COORDINATOR: John Malott, Room 7260, 632-8854  
 S/S-S ACTION OFFICER: Glyn T. Davies, Room 7241, 632-8338

This memorandum assigns responsibilities for the preparation of briefing materials for use by Under Secretary Wallis during his trip to India and Pakistan. Bureaus wishing to suggest additions or changes to this tasker should contact the S/S-S Action Officer as soon as possible.

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1. COUNTRY SCOPE PAPERS: NEA should prepare scope papers, in the form of briefing memoranda from the Assistant Secretary (sample attached), for each country Mr. Wallis will visit. The papers should address the following questions: 1) Where does our relationship stand? 2) What do we want to accomplish with this visit? 3) What does the country visited want from us? 4) What can we realistically hope to achieve? The papers should be cleared by E, P, S/P and other bureaus as appropriate. All scope papers are due in S/S-S by COB November 6.
2. SCHEDULE: NEA should work closely with the Embassies involved to prepare an overall schedule for the trip for inclusion in the briefing book. This overall schedule should be kept as short as possible, without going into scenario-like detail. In addition, NEA should prepare an annotated agenda for Mr. Wallis' use in the US-Pakistan economic subcommission meeting. The schedules and agenda are due in S/S-S by COB November 6.
3. BRIEFING MEMORANDA: NEA should prepare a briefing outline for each meeting scheduled. The briefing outlines should use the standard format (sample attached), and should be cleared with E, S/P, and other bureaus as appropriate. All briefing outlines are due in S/S-S by COB November 6. The only meeting tentatively scheduled at this time is with Pakistani Finance Minister Mahbub ul-Haq.
4. ISSUES PAPERS: The following issues papers should be prepared for Mr. Wallis' use at all stops on the trip. They should be prepared on plain bond paper and should normally be no more than one page in length. The issues papers (including talking points) should be classified, with drafting and clearing information on a separate page. These papers should provide concise background information, followed by comprehensive talking points giving the most up-to-date information and perspectives available. The talking points should be the focus of the issues paper. Unless otherwise noted, these papers should be cleared in draft by E staff and are due in S/S-S by COB November 6.

<u>TOPIC</u>	<u>DRAFT</u>	<u>MINIMUM CLEARANCES</u>
<u>India</u>		
1. India's External Financing Needs and the IFIs	EB	E, NEA
2. India, the US and the New Trade Round	EB	E, NEA

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<u>TOPIC</u>	<u>DRAFT</u>	<u>MINIMUM CLEARANCES</u>
3. Indian Economic Liberalization Measures	NEA	E, EB
4. US-India Rupee Fund	NEA	E, EB, OES
<u>Pakistan</u>		
1. OPIC Investment Projects	OPIC	E, NEA
2. Bilateral Investment Treaty	EB	E, NEA
3. Textiles	USTR	E, EB, NEA
4. Tech Transfer MOU	PM	NEA
5. New GATT Round	USTR	E, EB, NEA
6. Narcotics Issues	INM	E, NEA
7. Bilateral Trade Issues	USTR	E, EB, NEA
8. Discriminatory Tax on US Shippers	NEA	E, EB
9. International Trade Situation: US Perspective	USTR	E, EB, NEA
10. Post FY 87 US Assistance	NEA	E
11. Pakistan Economic Outlook: Trends, Policy Reform, Balance of Payments	EB	E, NEA

5. BACKGROUND PAPERS: The following background papers should be prepared for Mr. Wallis' use during the trip. They should be prepared on Department of State Briefing Paper (black top) letterhead. Background papers will not usually be longer than two pages. Drafting and clearing information should be put on a separate page. The papers should be cleared by E staff and must be delivered to S/S-S through the appropriate NEA coordinator by COB November 6.

<u>TOPIC</u>	<u>DRAFT</u>	<u>MINIMUM CLEARANCES</u>
<u>India</u>		
1. Domestic Political Situation	NEA	P
2. US Aid Program	AID	E, NEA, EB
3. Indo-US Political & Security Relations	NEA	P
4. Science & Technology Relations	OES	E, NEA, EB
5. US Commercial Relations with India (including US Business Presence)	NEA	E, EB
6. Domestic Economic Situation	NEA	E, EB
7. Transfer of Technology Issues	NEA	E, PM, EB

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<u>TOPIC</u>	<u>DRAFT</u>	<u>MINIMUM CLEARANCES</u>
<u>Pakistan</u>		
1. US Investment in Pakistan	OPIC	E, EB, NEA
2. US-Pakistan Trade Trends	USDOC	E, EB, NEA
3. US Business Experience in Pakistan	USDOC	E, EB, NEA
4. US-Pakistan Agricultural Trade	USDA	E, EB, NEA
5. US Economic Assistance to Pakistan	AID	E, EB, NEA
6. Functions & Structures of E/C Subcommission	NEA	E, EB
7. Pakistan Domestic Political Situation	NEA	P
8. US-Pakistan Relations: Non-economic issues	NEA	P

6. PRESS THEMES: NEA should prepare press themes for India and Pakistan. These should not exceed one page in length and should follow the sample attached to this tasker. These must be cleared with PA and are due in S/S-S by COB November 6.

7. PUBLIC STATEMENTS: NEA should work with the Embassies involved to prepare any necessary public statements or toasts, and contingency arrival and departure statements for Mr. Wallis' use. These should be double spaced on plain bond paper. Pages should not end in the middle of a sentence. Draft remarks should incorporate as much factual and substantive material as possible. NEA also should prepare opening and closing statements, cleared as appropriate, for the US-Pakistan economic subcommission meeting. They must be cleared with E, S/P and PA at a minimum, and are due in S/S-S by COB November 6.

8. ECONOMIC DATA SHEETS: NEA should prepare Economic Data Sheets for India and Pakistan. Particular emphasis should be placed on the quality, relevance and conciseness of data incorporated. The data sheets are limited to one page (sample attached), and are due in S/S-S by COB November 6.

9. BACKGROUND NOTES: PA should provide Background Notes on India and Pakistan to the S/S-S action officer by COB November 6.


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10. BIOGRAPHIC MATERIAL: S/S-S will request appropriate biographic material. NEA should provide the S/S-S action officer with a list of significant Indian and Pakistani officials Mr. Wallis is likely to encounter by COB November 1.

NOTE: S/S-S requires the original (unstapled) and one copy of all papers requested. Drafting and clearing information should always appear on a separate page. Papers for the visit should be delivered directly to the S/S-S action officer or duty officer, and should not be logged in with S/S-I.

  
Nicholas Platt  
Executive Secretary

Attachments:  
As Stated

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Washington, D. C. 20520

SAMPLE SCOPE PAPER

BRIEFING MEMORANDUM  
S/S

CLASSIFICATION

Date

TO : The Secretary

FROM : Bureau Symbol - Name

SUBJECT : Scope Paper: Your Bilateral Program in Capital City,  
July 20, 1985

I. WHERE DOES OUR RELATIONSHIP STAND?

- o Closer since Smithwho's January 1985 visit.
  - signing of U.S.-Atlantan steel MOU defused differences over commodities.
- o Recently amended civair agreement permits direct air service between U.S. and Atlantis for the first time.
- o Increased military to military cooperation.
  - More exercises and exchange of information.
  - Handled in low-key manner to avoid impinging upon Atlantis' non-aligned status.
- o Expanded cooperation against narcotics.
  - Mrs. Smithwho attended Mrs. Reagan's Drug Abuse Conference.
  - 40% increase in US training of Atlantans.
- o Phenomenal growth in number of Atlantan students in U.S. universities, now 20-25,000.

II. WHAT DO WE WANT?

- o Expanded relations with Atlantis.
  - Reassure Smithwho that we value personal contact.
- o GOA cooperation in East-West relations.
  - We are hopeful for progress on arms control.

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- o **Coordinate global economic policies.**
  - **The Bonn Summit.**
  - **Commitment to free enterprise system, resist protectionism.**
  - **Atlantan support of 1986 MTN negotiations.**
- o **Atlantan views on regional security issues.**
  - **Situation in Ruritania, Atlantan proposal for "proximity talks," Neighboran Foreign Minister Ratmoch's initiative on U.S.-SRV normalization.**
  - **Change GOA view that China is a long term threat to region, a moderate, stable, economically developing China is in everybody's interest.**
  - **Support for our views on Middle East issues.**
- o **Strong support for Antarctica Treaty as an important disarmament and scientific agreement.**
  - **New Atlantan invitiation reflects misunderstanding of our and others' objectives.**

III. WHAT DO THEY WANT?

- o **U.S. recognition Atlantis plays important role in regional and international affairs.**
  - **Chairman of NEPAC standing committee, proximity talks proposal.**
  - **Northeast PACFA Zone of Peace Freedom and Neutrality.**
  - **Active in Non-Aligned Movement and Islamic Conference, Antarctica Initiative.**
- o **Register concern about China's long term intentions in the region.**
  - **Atlantis has large ethnic Chinese population, history of insurgency.**



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-3-

- Periodic briefings on U.S.-China relations appreciated.
- o Encourage increased U.S. investment in Atlantis.
  - 41 U.S. electronics firms there and doing well.
  - good infrastructure, USAID helped build.
  - GOA has New Economic Policy (Guidelines call for affirmative action for indigenous firms, limits foreign ownership in some cases.)
- o Seek US support on international economic issues.
  - Access to U.S market crucial.
  - Atlantis and other PACFAS fear protectionist trend in industrialized countries.
- o Stress importance of international cooperation against narcotics trafficking and drug abuse.
  - Focus world attention on the problem.
  - Deputy Prime Minister Johnstone is Atlantan point man.
  - Increased bilateral cooperation desirable.

IV. WHAT CAN BE ACHIEVED FROM THIS VISIT?

- o Candid exchange of views on international and regional security issues as well as world economic situation.
- o Joint press conference good oppt. to reaffirm publicly U.S. commitment to expanded relations.
- o Convince GOA that participation in new MTN round can help ensure continued access to U.S. market.
- o Increased US/GOA cooperation in supression of drug production and trafficking.
- o Turn around Atlantan Antarctica initiative.

SAMPLE  
SCHEDULE

SAMPLE

ANNOTATED SCHEDULE FOR UNDER SECRETARY ARMACOST  
(REVISED)

Paris, September 10-11, 1984

MONDAY  
SEPTEMBER 10, 1984

- 21:30 Arrival of Armacost party at Charles de Gaulle Airport via Air France B19; met by DCM and Control Officer; proceed to Ambassador Galbraith's Residence.
- 22:15 Arrive at Ambassador's Residence, RON.

TUESDAY  
SEPTEMBER 11, 1984

- 8:00 Breakfast with Ambassador, DCM and Miles Pendleton at Residence.
- 8:55 Depart Residence for Chancery.
- 9:00 Meeting with Country Team at Embassy Chancery (45 minutes).
- 10:00 Meeting with Jacques Delors, EC Commission President-Designate.
- 12:00 Meeting with Hubert Vedrine, Elysee Diplomatic Advisor.
- 12:55 Depart Elysee for Ambassador's Residence.
- 13:00 Lunch iho Under Secretary Armacost (1-1/2 hours).
- 15:15 Possible meeting with OECD Ambassador Streater (at Residence).
- 15:50 Depart Residence for Quai d'Orsay.
- 16:00 Meeting with Roland Dumas, Minister of European Affairs (1 hour).
- 17:00 Meeting with Francis Gutmann, Quai Secretary General (1-1/2 hours).
- 18:30 Depart Quai d'Orsay for Charles de Gaulle Airport.
- 20:00 Depart for Rome on Alitalia 321.

SAMPLE  
AGENDA

SAMPLE

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Issue Agenda/Schedule for Mubarak Visit

Meeting on Arrival: Saturday, March 9, 3:20 PM at the Reflecting Pool

- Express our pleasure at having President Mubarak back in Washington
- Review Mubarak's schedule and objectives of the visit

Secretary's Meeting: Monday, March 11, 4:00 PM at the Vista International Hotel

- Peace Process - Review developments and discuss outlook
- Egypt/Israel - Welcome positive steps and stress need for further improvement in this relationship
- Assistance - Respond to request for supplemental assistance
- FMS Debt - Respond to Mubarak's request for relief from current payments and urge elimination of outstanding arrears
- Regional Issues - Assure Mubarak of our continuing support for Sudan, discuss Libyan threat and Iran-Iraq war

Meeting with the President: Tuesday, March 12, 11:30 AM

- Further discussion of issues raised in Secretary's meeting
- NPW Transit - Urge Mubarak to find a solution which will allow U.S. Navy NPW's to transit the Suez Canal

The President's Lunch: Tuesday, March 12, 12:15 PM

- Follow up on issues raised in Oval office

The Vice President's Dinner: Tuesday, March 12, 7:30 PM, Jefferson Room, State Department

- Review Visit

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-- Nuclear Power Program - Vice President to urge use of American firms and Eximbank credit for construction of Egypt's first nuclear power plant

-- Continue discussion of topics raised during meeting with the President

Farewell, Wednesday, March 12, 8:25 PM, Vista International Hotel

-- Express appreciation for frank exchanges during visit

Drafted:NEA/EGY:DBooth:nn  
2/26/85 x22802 W#0758C  
Cleared:NEA/EGY:DDunford  
NEA:RPelletreau  
P:SJohnson

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SAMPLE  
ISSUES PAPER

SECRET

Middle East

Background

Regional events have not favored Arab-Israeli negotiations toward achieving an overall Middle East peace. Key parties have awaited the outcome of Israeli and U.S. elections. In Israel the political situation remains confused. Prospects are for a weak government unable to take bold initiatives on the peace process. The military impasse continues in the Gulf War. Khomeini clings to a futile military strategy, and the Iraqis are unable to force negotiation through shipping attacks. Western minehunting and sweeping efforts continue in the Gulf of Suez and Red Sea. The Egyptians are coordinating U.S., UK, French and Italian efforts in the Gulf of Suez; the Saudis are coordinating U.S. and French efforts in Saudi waters, and the Dutch have now dispatched minesweepers for the Red Sea at Saudi request.

Talking Points

- We see no value in UNGA and Soviet proposals for an international conference on the Middle East, which would only provide a forum for maximalist positions.
- The situation following the Israeli elections remains confused. Labor and Likud share a consensus that Israel should withdraw from Lebanon as soon as conditions permit and that Israel's economic crisis must be urgently addressed.
- In the Gulf War the UN-brokered ceasefire against attacks on civilian populations is still holding, despite claimed violations, but we see scant possibility of a wider ceasefire.
- Iran appears anxious, at least for tactical reasons, to present a more moderate and reasonable image, but its recent diplomatic overtures to the Gulf states remain without results, so long as Iran refuses even minor concessions.
- We are pleased with the response to requests for assistance in mineclearing operations in the Gulf of Suez and Red Sea.
- Given the complexities involved in the operations, their ultimate duration is unknown and will have to be coordinated by the Egyptians and Saudis with each participant.
- We are watching closely the buildup of Soviet mineclearing efforts in the southern Red Sea but believe the Soviets share our common interest in free navigation through this waterway.

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Interest Rates and ProtectionismSAMPLE # 2

US interest rates -- relative to our inflation rate -- have been very high during the past 3 or 4 years. Notwithstanding the level of interest rates in this country, the US economy has led the world in recovering from the recessions of the early 1980's. The strength of the US economy, coupled with the perception of the United States as a politically and socially stable nation, have induced many foreigners to invest here. The foreign demand for dollars to invest in this economy has driven-up the foreign-exchange value of the dollar, making it more difficult for US firms to compete with imports in the domestic market. This difficulty has bred protectionist political pressures here.

TALKING POINTS

-- Foreigners see US as stable country with strong economy, want to invest here.

-- Foreign demand for dollars to invest has driven up foreign-exchange value of dollar, making imports cheaper here and US goods more expensive abroad. As a result, US exporters and import-competing firms have seen sales, profits fall.

-- Facing stiffer competition in domestic market, US firms and labor seek protectionist measures from government. (Examples: autos, steel, textiles).

-- Introduction of protectionist measures in any country (especially a major trading nation like the United States) may prompt retaliatory measures by trading partners. Such measures reduce real incomes in nations adopting them.

-- Protectionism increases inflationary pressures, promotes economic inefficiency, retards long-run growth, represents government interference with the free market.

-- Reagan Administration opposes protectionism for all of these reasons, fights protectionist bills in Congress (such as domestic-content legislation for automobiles).

-- Despite claims of some Europeans, the US federal deficit is not responsible for high nominal interest rates here. Rates are sum of real interest rate plus premium for expected future inflation, which market is currently overestimating.

-- US interest rates will fall as increasing numbers of investors realize that we have inflation under control and reduce the inflation premium they demand in interest rates.

-- Review of literature by economists at State failed to find significant relationship between federal deficits and interest rates in this country historically.

UNCLASSIFIED

SAMPLE  
 BACKGROUND PAPER  
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SAMPLE

DEPARTMENT OF STATE  
 BRIEFING PAPER  
NORTHERN IRELAND

The Northern Ireland problem has centered on the question of whether Catholic nationalists should continue to remain a minority (40 percent) in Northern Ireland or the Protestant unionists, by coercion or consent, should become a minority in a federal or united Ireland. Today, resolution of the problem seems as distant as at any time in the last decade. However, both the Irish and British Governments, and the principal political parties in the Republic, generally agree that any change in the status of Northern Ireland should come about within a democratic context, and with the support of a majority of the people in the North.

In 1972, Britain suspended majority (Protestant) self-rule in the North, and now governs the province through a Northern Ireland Secretary. Successive British governments have developed proposals for a return to self-rule combined with power-sharing between the two communities, which could open up potential avenues toward Irish unity. All such efforts have failed. In 1982, a Northern Ireland Assembly was elected, but is boycotted by nationalists, who complain that the British plan failed to provide guarantees for power-sharing or any "all-Ireland dimension." Some unionists also are refusing to participate in the Assembly, complaining that London has not taken a serious stand against IRA terrorism.

Despite the traumatic events of recent years, little fundamental in Northern Ireland has changed, though the level of violence continues to decline. The major internal forces remain locked in political combat, without movement toward consensus. Within the nationalist community, there has been some shift of electoral support away from the democratic, constitutional nationalists (SDLP) toward the nationalism of Provisional Sinn Fein (PSP), the political wing of the Irish Republican Army (IRA).

The Irish Government is alarmed by trends in the North, especially by the political rise of Provisional Sinn Fein; by the continued deadlock on constitutional issues; and by the stagnation of the Northern Ireland economy (unemployment approaching 25 percent). The Irish see PSP as an eventual threat to democratic institutions in the Republic, and are using PSP's political advances to try to shake the British out of what they see as complacency arising from Mrs. Thatcher's big electoral win. But Ireland's leverage on Britain ultimately remains limited to its cooperation on cross border security and its support for peaceful, rather than violent, reunification.

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FitzGerald understands that a precipitous British withdrawal from the North could provoke sectarian chaos and threaten the stability of the whole island. He is following a two-pronged policy. In his fifteen months in office, he has restored harmonious relations with London, and will host a Dublin summit with Mrs. Thatcher this summer. Second, FitzGerald has convened a "New Ireland Forum," a congress of democratic nationalist parties from both North and South. The Forum is studying the problems and prospects for achieving Irish unity within a democratic, constitutional context. It is expected to make a final report this spring.

Successive Irish governments from time to time have asked the US to intercede with Britain on the Northern Ireland issue. However, FitzGerald in January told our Ambassador that involvement by the US is not needed at this stage.

The US has carefully avoided a direct role in the Northern Ireland question, convinced that the Irish and British governments should work together to promote reconciliation and resolution of the problem within a democratic context. In his successive St. Patrick's Day statements, the President has also emphasized our commitment to end any American links with the violence in the North by vigorously prosecuting those involved in gunrunning or other illegal activity. We have supported efforts to promote reconciliation between the two communities in the North and also have encouraged US firms to consider job-creating investments in both parts of Ireland.

The Administration has declined to comment publicly on either the Northern Ireland Assembly or the New Ireland Forum, but we have expressed our hope privately that each will contribute to progress.

The bipartisan congressional "Friends of Ireland" has generally supported the Administration on the Northern Ireland issue, but takes the position that Irish unity is essential for achieving peace and reconciliation. Senator Moynihan has introduced a resolution proposing that the President appoint a special envoy for Northern Ireland, to examine how the US might better promote reconciliation in the province. Moynihan's proposal is not now supported by other members of the Friends. The Administration reacted negatively to the proposal, primarily on the grounds that none of the major parties concerned has asked for the appointment of a special envoy and that the US should not get in the middle of this contentious dispute.

March 5, 1984

**CONFIDENTIAL**



**SAMPLE**

**DEPARTMENT OF STATE**

**BRIEFING PAPER**

**MILITARY COOPERATION WITH ALGERIA**

**BACKGROUND  
PAPER  
SAMPLE #2**

- o Bilateral military relationships have evolved gradually after Bendjedid's accession: exchange of defense attaches, USN ship visits, sale of 17 C-130s, FMS eligibility for defense services, and a small IMET program begun in 1984 are present elements.
- o The GOA's pursuit of more rapid expansion of the military relationship is part of its effort to diversify sources of military supply and decrease dependence on Soviets.
- o There has been a marked reduction in Soviet military presence since 1981. No new Algerian orders for Soviet equipment in 4 years, although deliveries under \$3 billion 1980 agreement have continued. However, arsenal is still predominantly Soviet in origin and must be sustained. Hence, GOA will not terminate purchases from Soviets.
- o We seek to diminish Soviet influence in Algeria and concomitantly to serve our long-term goal of enhanced access to the Algerian military, the most influential institution in Algeria. We are constrained by continuing Algerian support for the Polisario, superiority of its weapons inventory vis-a-vis Morocco and presence of Soviets.
- o Nevertheless, a Presidential Determination making Algeria eligible to purchase defense articles using FMS procedures has been signed prior to the Bendjedid visit.
- o We now are prepared to consider Algerian requests for purchase of equipment and components on a case-by-case basis. Consideration will reflect our concerns about regional balance of power and possible impact on issues such as the Western Sahara dispute.
- o Algerians are currently discussing with US commercial suppliers both purchase of US equipment and obtaining U.S. technology and training with the aim of upgrading their Soviet-supplied equipment:
  - Light armored vehicles -- outright purchase and co-production; decision on export license pending;
  - Upgrade of MiG 21s -- proposal under review pending FMS eligibility;
  - Extensive air force training -- At Algerian request, USAF is preparing detailed proposal for Algerian consideration.
- o Algeria will use limited IMET funds for professional training with emphasis on staff colleges. Algerian AF commander could not accept General Gabriel's invitation for April visit, but would like to come this fall.

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**b. Sample Press Points**

**PRESS POINTS ON KOREA AND KIM DAE JUNG**

**BASIC MESSAGE**

While we have protested the incident at the airport and we continue to deal with it, the far more important issue is whether Korea will continue to make progress toward a more open and democratic society.

**The Incident**

- USG awaiting results of Korean Government's investigation into causes of incident.
- Embassy Seoul immediately protested incident; took steps to assure safety of Americans accompanying Kim.
- Lost in news of unfortunate incident was fact that Kim was not, as many had feared, returned to prison.

**Kim Dae Jung**

- Kim remains confined to his home; he is allowed to receive visits from family members and foreign guests.
- We have expressed the hope that the present restrictions on Kim will be relaxed as soon as possible.
- While we follow Kim Dae Jung's case closely, more important is our interest in continuing democratization of Korean society.

**Democratization**

- There remains much room in Korea for democratization, but there have been many encouraging developments, particularly in the past year or so. These include the release of 401 political prisoners, permission for students to demonstrate on campus, and the lifting of political ban on all but 15 of 551 Koreans on whom it was originally imposed until 1988. Many freed from the ban formed new opposition party, supported, among others, by Kim Dae Jung and Kim Young Sam, that received 1/5 of popular vote after a frank campaign.
- We have encouraged these steps by publicly and privately welcoming them and expressing the hope for further progress.
- An important element of gradual but sustained progress toward democratization is President Chun's pledge to step down in 1988, which would be virtually the first peaceful transfer of the presidency.
- President Chun's planned visit to Washington will proceed as scheduled, because we have many important issues to discuss.

Press Points: Central America

SAMPLE

Basic Message

Our Central America policy of support for democracy and dialogue is working. First Reagan term progress needs to be consolidated in second. El Salvador, Honduras and Guatemala are joining Costa Rica as democratic societies. The Sandinistas are preventing Nicaragua from joining the trend.

Our Objectives

- Successful diplomacy in Central America requires that we sustain the entire economic and military assistance program proposed by the President.

Democracy

- Trend is strongly toward democratic reformist regimes.
- El Salvador situation improved markedly -- decline in political violence, economy growing, strict rules on serial bombardment.
- Honduras consolidating democratic rule.
- Democracy making a beginning in Guatemala.

Nicaragua

- Only in Nicaragua has clock been set back -- Sandinistas intent on establishing one-party state, with same apparatus of repression found in other totalitarian states.
- Events since sham elections -- censorship increased, forced relocation of peasants, detention of leading opposition figure -- show real Nicaraguan intentions.
- Rejection of March 3 San Jose opposition manifesto is setback to peace.
- Repression and control of labor and press, militarization of society on Cuban model continue.
- U.S. has moral obligation to help Nicaraguan opposition. Experience shows pressure on Sandinistas contributes to negotiations and regional stability.

Contadora

- Contadora has come through a rough period caused by Nicaraguan intransigence in asylum dispute, now ready to resume.
- Key question -- is Nicaragua willing to negotiate?

SAMPLE

ECUADOR -- AT A GLANCE

- o Growth weak but inflation down.
  - Real growth this year may not match 1984's 3 percent.
  - Agriculture rebounding from "El Nino"; oil production up.
  - Inflation this year will be about half the 1983 peak of 53 percent.
  
- o Good compliance with IMF program; seeking multi-year reschedulings.
  - Met all but one target of 1983/84 stand-by; new stand-by approved March 11.
  - Agreement in principle on \$4.6 billion com'l bank multi-year rescheduling.
  - Paris Club may approve Multi-Year Rescheduling Agreement in April.
  - Ecuadoreans taking pragmatic approach to external debt issues.
  
- o President Febres-Cordero favors private sector, free market policies.
  - Signed OPIC Investment Guarantee Agreement last November.
  - Encouraging oil exploration by foreign companies.
  - Eliminated budget deficit, cutting subsidies, more flexible exchange rate.

Wang 4375P

ECONOMIC DATA CHART  
(always consists of two  
parts shown here)

SAMPLE

**SAMPLE**ECONOMIC DATA CHART -- ECUADOR

Revised: 3/25/85

Wang, 4375E

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984 E</u>	<u>1985 E</u>
<b>1. ECONOMIC INDICATORS:</b>					
1a. Population (mid-year, million)	8.6	9.0	9.3	9.5	9.7
1b. Official Unemployment Rate (percent)	10.0	8.7	12	8	7
1c. Gross Domestic Product (\$ billion) (1)	13.9	13.8	12.9	10.4	11.2
1d. GDP Per Capita (\$)	1600	1550	1450	1200	1150
<b>2. FISCAL INDICATORS:</b>					
2a. Public Sector Revenues as percent of GDP	13.4	10.7	27.0	29.2	33.4
2b. Public Sector Expenditures as pct of GDP	19.0	17.5	27.1	29.2	30.0
2c. Public Sector Balance as percent of GDP	-5.6	-6.8	-0.1	--	3.4
<b>3. BALANCE OF PAYMENTS:</b>					
3a. Exports to US (\$ billion)	1.0	1.1	1.4	1.7	1.7
3b. Imports from US (\$ billion)	0.8	0.8	0.6	0.7	0.8
3c. Total Exports (\$ billion)	2.5	2.3	2.4	2.5	2.7
3d. Total Imports (\$ billion)	2.4	2.2	1.4	1.6	1.8
3e. Merchandise Trade Balance (\$ billion)	0.1	0.1	1.0	0.9	0.9
3f. Current Account Balance (\$ billion)	-1.0	-1.2	-0.1	-0.2	-0.2
<b>4. EXTERNAL DEBT</b>					
4a. Gross External Debt (\$ billion)	5.9	6.2	6.9	7.2	7.5
4b. Gross External Debt per capita (\$)	680	690	740	760	770
4c. Debt Service Paid (\$ billion)	1.8	2.1	0.9	1.0	1.1
4d. Debt Service as percent of exports	71	77	34	36	37
4e. Gross Debt as percent of GDP	54	45	53	58	N/A
<b>5. US BILATERAL AID, by Fiscal Year</b>					
5a. Economic assistance (\$ million) (2)	14.8	19.7	11.1	12.2	41.7
5b. Military assistance (\$ million)	4.3	5.0	4.6	6.7	4.7

(1) GDP data are derived and subject to distortion because of exchange rate fluctuations.  
 (2) Excludes FY 83/84 Disaster Assistance of \$23 million.