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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
E.O. 12958 Sec. 2.6

SECRET/NODIS/XGDS

MR 01-40 #8; et. lty. 2/5/02

By dal NARA Date 3/7/02

MEMORANDUM OF CONVERSATION

PARTICIPANTS: Pierre-Elliott Trudeau, Prime Minister of Canada
Allan MacEachen, Secretary of State for External Affairs

President Ford
Dr. Henry A. Kissinger, Secretary of State and
Assistant to the President for National Security Affairs
Lt. General Brent Scowcroft, Deputy Assistant to the
President for National Security Affairs
Arthur Hartman, Assistant Secretary of State for
European Affairs

DATE AND TIME: Friday, May 30, 1975
(Following Buffet Luncheon)

PLACE: NATO Headquarters
Brussels, Belgium

President: Did you talk to Goncalves?

Trudeau: Yes. I spent a very interesting 40 minutes with him.

[The press entered. There was more whispered discussion about Portugal.]

President: I asked him categorically whether there were any Communists
in the Armed Forces Movement.

Trudeau: Really.

MacEachen: Was the Admiral there?

President: Yes. He just smiled.

Trudeau: Maybe they are a bunch of military people who are not only not
interested in political parties but in the Communists also. Like in Peru. It
sounded very naive to me.



SECRET/NODIS/XGDS

~~TOP SECRET~~ - XGDS (3)
CLASSIFIED BY: HENRY A. KISSINGER



MacEachen: I asked the Admiral what he saw in the future elections. He said the parties were full of wind and they had to take the wind out. They were just struggling for power, he said.

Trudeau: I want to thank you for giving us the time.

[Secretary Kissinger arrived.]

Kissinger: For a country to have to deal with Greece and Turkey and Israel and the Arabs simultaneously is too much for any country.

President: We are grateful for the renewal of NORAD.

Trudeau: We wanted an indefinite renewal, but Parliament said it should be five years, and we thought that was okay.

We are grateful but surprised at your support for our NATO meeting proposal. I expect the French will think you put us up to it.

That you so readily accepted the idea indicates you accept the idea of giving our relations political direction, not just blindly accepting things. We will see how it works out.

Kissinger: Sauvagnargues had no instructions and would have been in trouble at home if he had accepted it.

Trudeau: But the language was not very definitive.

At the DPC last week, Schlesinger took us on. We want to assure you that any decision from our defense review won't lessen our commitment. We will retain at least our present commitment in real terms. But I am not sure our military are preparing for the right conflict -- like convoy protection.

Kissinger: There are a number of questions which have been swept under the rug.

Trudeau: Flexible response was never defined. Massive retaliation and trip wire are more obvious.

President: I was on the Defense Preparedness Subcommittee. I found it very useful to get testimony rather than just reading the Defense annual report.

We appreciate Canada's willingness to take 3,000 or more of the Vietnamese refugees.

Trudeau: It is nice of you to say so. We may be able to take more.

President: I think the security checks are completed and their skills being put into a computer.

Trudeau: The only other bilateral issue I have is on natural gas. I know we are creating a problem for you. I hope I am living up to my December commitment to consult with you. I did make it a two-tier price rise, which cost the Province many millions of dollars.

President: We appreciate that. I went on television the night before I left Washington to raise the price of imported crude by \$1 a barrel. Congress has done literally nothing to get a conservation program, a price mechanism, or any other means. Or to stimulate our own production. I will soon decontrol the old wells. Congress can veto it within five days. They may do so, but the law expires August 31, so they would have to pass a new law and we could sustain the veto. So one way or another we will raise the prices.

Trudeau: We have an administered price. We will let it rise toward the world price. The gas price will reflect the commodity value between them.

MacEachen: The reason we phased gas was because of our commitment to you.

Ambassador Porter has a preview of the oil report. We won't make a decision on supply before consultations with you.

President: That is helpful. I note our imports are about 550,000 barrels a day.

Trudeau: You aren't taking as much as we promised.

President: Our imports of petroleum are down some.

Kissinger: It's partly recession-induced.

Trudeau: How are prices staying up? Economic theory indicates they should drop.

Kissinger: The Shah is upset about the situation. They are down to five million barrels a day. They have papers showing they could go down to 2.5 and still meet their commitments. The others are at their margin, so if we can convince the Shah to hold the price, we are okay.

Trudeau: That is all I have. Are you going skiing?

President: I would certainly like to. I'll have more flexibility in 1976 and 77!



THE WHITE HOUSE
WASHINGTON

SECRET

MEETING WITH PRIME MINISTER TRUDEAU OF CANADA

Friday, May 30, 1975
(Following buffet luncheon)
NATO Headquarters
Brussels, Belgium

From: Henry A. Kissinger *1/0*

I. PURPOSE

This meeting, at the time of the NATO Summit, will permit you and the Prime Minister to review trans-Atlantic and East-West issues as well as current international developments of mutual interest.

Your purpose will be:

-- to review progress on the principal issues at the NATO Summit, and

-- to stress the importance of Allied solidarity, close consultations, and continued Canadian efforts to maintain the strength of the Alliance.

II. BACKGROUND, PARTICIPANTS AND PRESS ARRANGEMENTS

A. Background: Your last meeting with Prime Minister Trudeau (troo-DOH) was on December 4, when he made a one-day working visit to Washington.

Alliance and East-West Issues: The Canadian Government is currently conducting a defense review which is scheduled to be completed this summer. This review may well, because of budgetary constraints, lead to further reductions in the Canadian armed forces and could lead to a smaller contribution to NATO and difficult choices regarding peacekeeping roles and future equipment replacement.

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By dal NARA Date 3/7/02



Although recognizing the strategic importance of Spain to Western defense, the Canadian Government is concerned over the political difficulties involved in closer NATO links to Spain, in view of the nature of the Spanish regime and the opposition of the Scandinavian and Benelux countries. Canada also believes this is a sensitive time because of recent developments in Portugal. Consequently, Canada does not support closer links with Spain at this time.

Canada is amenable to a CSCE summit in Helsinki this summer but will insist on further Soviet concessions on advance notification of major military maneuvers and on Basket III issues (human contacts). The Canadians have recurrently suggested that without reasonable final results it might be advisable to forego any stage III meeting at all.

Canada supports MBFR more for the impact its success would have on detente than for its effect on the conventional balance in Central Europe. The Canadians expect to participate in Phase II reductions but are under economic pressures and might support a European effort to telescope phasing in order to permit early reduction of non-US NATO forces. However, they oppose any reductions formulation in which a distinction is made between Canada's forces and those of the West Europeans (e. g., the Soviet suggestion that stationed forces might be reduced before indigenous forces). The Canadians favor the introduction of nuclear elements into the negotiations.



Bilateral Issues: Earlier this month, the United States and Canada agreed to renew the North America Air Defense (NORAD) agreement for another five-year period. This had become a political issue in Canada, with opponents saying that the manned bomber threat is now negligible and that this link with U. S. strategic defense jeopardized Canada's sovereignty.

Another recent positive development in our relations has been the response of the Canadian Government to our appeal for help in resettling refugees from Indochina. Canada has agreed to take 3,000 refugees in addition to the 14,000 Vietnamese eligible for entry through Vietnamese relatives residing in Canada. Already several hundred Vietnamese have arrived in Canada, some going directly from Guam where Canadian immigration officials are working closely with U. S. officials.

On the other hand, the Canadian Government announced recently its intention to increase the price of gas exported to the United States. This will increase significantly the cost of gas to U. S. consumers especially in the Pacific Northwest and California. The Canadians have given us some private assurances about continuing supply of natural gas in the future. (Canada did not participate directly in the Paris Prepcon. While recognizing from the failure of the Prepcon that a productive producer/consumer conference on energy is unlikely, Canada did voice muted support for LDC concerns about other raw materials, of which it is a major exporter. Nonetheless, Canada has been a strong supporter of consumer solidarity and also of the conservation and accelerated development programs in the IEA.)

Another source of friction has been Canada's active promotion of expanded trade with Cuba. The Canadian Government believes that all companies operating in Canada -- including subsidiaries of U. S. companies -- should follow Canadian policy, not foreign regulation regarding export trade. Ottawa has interceded with the U. S. Government recently in several cases to request that Cuban trade by U. S. subsidiaries in Canada not be prevented by U. S. regulation.

- B. Participants: Prime Minister Trudeau, Foreign Minister MacEachen, Henry A. Kissinger and Brent Scowcroft.
- C. Press Arrangements: The meeting will be announced as part of your schedule in Brussels, and there will be a press photo session at the beginning of your talks.

III. TALKING POINTS

Introductory

1. I am pleased that the NATO meeting has afforded us this opportunity to meet and continue the discussions we began during your visit to Washington last December. As I stated in my NATO remarks, such consultations are very important.



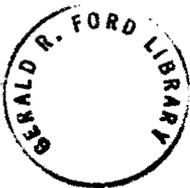
2. I want to note at the outset my pleasure at the renewal of the NORAD agreement for another five years. This cooperation remains vitally important to our mutual security and is a significant part of the NATO framework.

Atlantic Alliance/NATO Summit

1. I believe we can be well satisfied with the NATO Summit. The discussions should contribute importantly to the strengthening of Alliance solidarity and cooperation.
2. It is my firm belief that no cause is of greater importance for our peoples -- and to the prospects for peace and stability throughout the world. -- than that of maintaining and demonstrating the strength and solidarity of the West.
3. These are times of immense challenge for our countries. The very fact that the issues before us are of such gravity and complexity makes this NATO summit especially important as an opportunity to reaffirm our determination to resolve problems and to find solutions in the common interest.
4. As I stated yesterday, the United States remains true to our North Atlantic Treaty commitments.
5. I am very satisfied with my consultations with the other leaders of the Alliance on the need to maintain a strong and credible defense, to improve the process of consultation, and to proceed together with the agenda for detente.
6. Unless the NATO members keep their defense forces strong and unless we continue modernization, the Alliance will be extremely hard pressed to meet the challenges and opportunities we face.

Portugal and NATO

1. The April 25 election results, while encouraging for the Socialists and other moderates, will have only slight effect upon the policies and leadership of the AFM. Continuing unrest and turmoil in Portugal, as have taken place recently, are a source of continuing concern.



2. We remain deeply concerned about the radical and neutralist policies of the AFM, the presence of Communist ministers in the Cabinet, and the future role of Portugal in the Alliance.

Spain and NATO

1. It is important to look to the future, and to the importance that the stable, purposeful framework of the North Atlantic Alliance can provide to Spain over the coming years. Our defense facilities in Spain make a substantial contribution to the Alliance.
2. Spain would be aided in following a stable, moderate course if it is brought into the NATO framework as early as circumstances permit.
3. We recognize that a number of Allies, including Canada, do not wish to consider Spanish membership in NATO while Franco is in office. However, we should be prepared for the transition. We think it important to begin to indicate to the Spanish, as well as to our own publics, that a future possibility for a Spanish role in the Alliance exists.

CSCE

1. The Allies have done a good job in developing realistic goals at the CSCE. We hope that Canada will continue to join in holding firm on Western positions, and I know the importance your government attaches to the freedom of contact and humanitarian issues in Basket III.
2. At the same time, we believe the Allies should be realistic in demands for Soviet concessions on Confidence Building Measures.
3. We still assume that results of the Geneva talks will be significant enough to justify a Stage III summit this year, but we will continue to withhold a final commitment to a summit until results are in hand.

MBFR

1. We have just completed a thorough review of MBFR in which we examined what should be done in the near future to help achieve our MBFR objectives.



2. Our review of course included the question of introducing nuclear weapons into MBFR.
3. We have concluded that the addition of nuclear elements to the U. S. first-phase reductions offers the best promise for reducing the existing asymmetry in armor and manpower in Central Europe and gaining Eastern acceptance of manpower parity in that area.
4. A prime objective in our examination of this possible change in the Alliance position has been to maintain the greatest possible flexibility for improving NATO forces and military effectiveness.
5. We will be presenting to NATO a comprehensive paper on our views, explaining our proposal in detail.

Energy/Raw Materials

1. I regret lack of agreement at the producer-consumer preparatory conference, but believe it better not to move forward with a conference which would clearly not be productive. The primary focus of U. S. international energy initiatives will remain the IEA.
2. The Prepcon's failure underscored several points: we cannot resolve the energy problem simply by talking to the producers; we must take the necessary steps to achieve the conservation and development of domestic energy sources which will reduce our dependence on imports, and create the objective conditions for lower oil prices. My recently announced energy measures are designed to achieve these ends.
3. We expect OPEC/LDC solidarity, demonstrated at the Prepcon, to intensify in future international meetings. At the same time, we were gratified by the extraordinary degree of solidarity of the IEA countries and hope this will continue.
4. The politicization of raw materials issues stalemated the energy Prepcon. It is now in the interests of the industrialized countries to coordinate with one another to ensure a common approach to the developing countries and demands for abandonment of the present international economic system.



5. We are prepared to consider realistic proposals for change in specific areas where change is of substantive benefit and mutually agreeable. Increases in developing country income should be achieved primarily through increased production and trade; it is particularly unrealistic to think that large scale transfers can take place in a stagnating world economy or on the basis of demands by developing countries for "reparations."
6. We must convince developing countries of our genuine interest in finding solutions to commodity problems and of the necessity to tailor solutions to the individual commodities. We must also convince them that they must move from their radical demands to more realistic bargaining.

Middle East

1. I am looking forward to my talks with Sadat.
2. The Middle East situation is, of course, dangerous for all of us since without some significant diplomatic movement there will almost certainly be an eventual resumption of hostilities and another oil embargo -- even though the Arabs appear at present still intent on diplomatic progress. The problem is how to get around Israel's apparent rigidity.
3. Our reassessment has been prolonged because its outcome naturally depends in good part on the attitude of the parties and we are hoping for some change. As yet we have made no decision on a diplomatic option. The choices are to resume the suspended negotiations over the Sinai passes and oil fields, or try for a broader interim agreement, or go squarely for a comprehensive settlement, with the possibility of it resulting in a series of interim agreements. Nor have we made any firm decisions on Geneva, although this seems more and more likely as time goes by with no signs of movement.
4. We are under heavy pressure from Israel and its supporters in the U. S. , on the one hand, and Sadat and the other Arabs, on the other, to take a public stand in their favor.



5. We have been firm in not entering into any new military or economic arrangements with Israel while the reassessment continues, but we have had no new diplomatic proposals from them. Sadat is becoming more anxious because political and economic pressures on him are increasing, partly generated by the USSR. Critical dates for the Arabs will be the Arab Summit on June 28 and the renewal of UNEF on July 25, so something must begin to move this month.
6. I hope my meetings in Salzburg with Sadat and later with Rabin, together with Secretary Kissinger's meeting with Gromyko two weeks ago, will provide a clearer idea of what is feasible.

Cyprus

1. The continuing lack of a negotiated settlement on Cyprus is damaging to the Alliance and has weakened its strategic southern flank. It is therefore important to the Alliance -- as well as to the parties -- that a solution be found. The United States will continue to offer its good offices in assisting the parties to find such an acceptable solution.
2. It is in this spirit that I met with the Greek and Turkish prime ministers. I am hopeful that these meetings, together with recent direct Greek-Turkish and Cypriot intercommunal contacts, will create momentum for progress toward a settlement acceptable to all parties -- Greece, Turkey and Cyprus.

Bilateral Issues (if raised by Trudeau)

1. Energy: Continued consultation and collaboration are necessary to prevent energy matters from becoming more divisive in our bilateral relations. I appreciate Canada's assurances that natural gas exports will not be curtailed but regret that the recently announced natural gas price increases could not be phased over a longer period to allow consumers more time to adjust to the higher prices.



2. Cuban Trade: I am aware of Canadian concern regarding possible restrictions on Cuban trade by U. S. subsidiaries operating in Canada. We are continuing to review this aspect of our Cuban policy and, in the meantime, are reviewing export license applications on a case by case basis.

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Biographic sketches and additional background materials are in your bilateral briefing book at the tab marked Canada.



✓ Trenchard HAR
Hastman

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By dal NARA, Date 3/7/02

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P Did you talk to Gonzalez
 T Yes. I spent a very interesting 40 min
 w/him.
 (Passion) (More ^{whispered} ~~quiet~~ talk about Portugal)
 P I asked him categorically whether
 there were any trusts in AFNI.
 T Briefly?
 M Wasn't Admiral there?
 P Yes. He just smiled
 T Maybe they are a bunch of evil people
 who are not only not interested in parties
 but in trusts also. Like in Rome.
 I'd would very hard to me.
 M I asked a Admiral what he saw in
 future elections. He said - parties were
 full of wind & we had to take careful
note. They were just struggling for
 power.
 T Would thank you for giving us the
 time.
 (Remarks)
 K For a country to have to deal w/ GATT &

I'd across similar is too much.
 P We grateful for Norad removal
 T We would only with removal, but
 Parliament said to go & we that OK
 We grateful but surprised at
 your support from NATO present.
 I expect a tr. will think you put
 us up to it.
 That you so readily accepted a
 idea indicates you accept a sense
 of political direction, not just blindly
 accepting its things. We will see
 how it works out
 K Sauerbrunger used as instruction
 & would have been ^{no} trouble at home
 T But a language was not very
 definitive.
 At OPC last week, I like talk as usual.
 We don't to assume you are only
 saying what lesser our interests
 We will retain at least our present
 content in real terms. But I don't

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sure am not and preparing for
a report tonight - like every other

H There are # of questions which have
been brought under way

T Felix Elson is under contract
H.R. a trip will be made immediately.

P Lewis an Def. Prog. Com. I found
it very useful to get testimony rather
than just reading a Def. annual
report.

We appreciate Com. Lewis' willingness
to take \$ 000 a more up-jobs.

T Will of you to say so. We may
be able to take more.

P I think a security check is warranted
& this should be being put into
operation.

T Only other intention is one job. I
know we are creating jobs for you. Hope
starting up to every Dec. contract

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Consult. I did make it a 2- tier
rate, which cost a premium every
million.

P We appreciate that. I went on T U
through before I left to 1 credit by
\$1 / bbl. Com has done literally
nothing in connection pay, price
mch, or ~~anything~~ any other means.
Or stimulate production.

I will soon be control old wells.
Com can rate \$ w/ in 5 days, ~~over~~
if they may do so, but a Com price
Aug 31, so they would have to pay now
low + we could sustain rate. So
as long as another we will raise
again.

T We have an administrative price. We
will let it rise toward world price.
Gas price will reflect a bracket
involvement there.

M The reason we phased gas, was
because of our contract to you.

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Peter has a provision of a cost [?] report.
we must make decision on supply
before presentation of you.

P That helpful. I write M on about
550,000

T You want to know as much as we
possess.

P Over M (petrol) are down some

K Pretty recession on the

T How are prices staying up? They
indicates should drop

K Shale is subject about it. They
claim to 5.5 million. They have
planning they could go to 2.5 + still
meet their interests. The others
are at their margin, so if we can
announce shale to hold, we ok.

T That's all I have. Come sticking
P Certainly like it. How much flexion
1976-77.