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614

~~*****CONFIDENTIAL*****~~ COPY

OP IMMED
DE RTE #1898 1041727
O 131716Z APR 76
FM PRESIDENT FORD

TO CHANCELLOR SCHMIDT

~~CONFIDENTIAL~~ #H60492

APRIL 13, 1976

DEAR MR. CHANCELLOR:

THANK YOU FOR SHARING WITH ME YOUR THOUGHTS ON THE SPECIALTY STEEL PROBLEM AND ITS RELATIONSHIP TO THE BROADER PROBLEMS OF INTERNATIONAL ECONOMIC POLICY. AS YOU NOTED, WE AGREED AT RAMBOUILLET THAT THE MAJOR TRADING NATIONS SHOULD AVOID SOLVING THEIR PROBLEMS AT THE EXPENSE OF OTHERS. THIS CONSIDERATION WAS HIGH AMONG THOSE THAT LED ME TO DECIDE NOT TO ACCEPT THE REMEDIES PROPOSED BY THE INTERNATIONAL TRADE COMMISSION IN THIS CASE AND TO CHOOSE INSTEAD TO ATTEMPT TO NEGOTIATE AN ORDERLY MARKETING AGREEMENT.

THUS, I AM SEEKING TO PROVIDE AN OPPORTUNITY FOR THE U.S. AND ITS TRADING PARTNERS TO DEVELOP A MUTUALLY SATISFACTORY RESOLUTION OF THIS DIFFICULT PROBLEM. I HOPE THAT THIS WILL BE THE END RESULT OF THE CONSULTATIVE PROCESS NOW SET IN MOTION.

I BELIEVE BOTH OF US RECOGNIZE THAT ON A NUMBER OF FRONTS THE MONTHS AHEAD POSE SIGNIFICANT CHALLENGES TO INTERNATIONAL ECONOMIC COOPERATION. IT WILL BE ESPECIALLY IMPORTANT THAT WE REMAIN IN CLOSE CONTACT DURING THIS PERIOD. I GENUINELY WELCOME RECEIVING YOUR VIEWS, AND CAN ASSURE YOU THAT ANY OBSERVATIONS YOU SHOULD MAKE ON ANY SUBJECT WILL BE HEAVILY WEIGHED IN OUR INTERNATIONAL POLICY CONSIDERATIONS.

SINCERELY YOURS

GERALD R. FORD
0246

***** WWSR COMMENT *****

HYLAND, MCFARLANE, RODMAN

RECALLED
PSN:W02327 PAGE 01 OF 01 TOR:104/17:27Z DTG:131716Z APR 76

~~*****CONFIDENTIAL*****~~ COPY



DECLASSIFIED
E.O. 12958, SEC. 3.5
NSC MEMO, 11/24/08, STATE DEPT. GUIDELINES
BY , NARA, DATE 3/5/09

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

2159X

~~SECRET~~/NODIS

April 20, 1976

MEMORANDUM FOR

Mr. George S. Springsteen
Executive Secretary
Department of State

SUBJECT: Specialty Steel

I am attaching for the information of your principals only copies of an exchange of messages between President Ford and Chancellor Schmidt on the specialty steel issue. These copies should be handled as NODIS and should not be transmitted outside the Department.


Jeanne W. Davis
Staff Secretary

Attachments

~~SECRET~~/NODIS

~~SECRET~~
DECLASSIFIED
E.O. 12958, SEC. 3.5
NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES
BY h4, NARA, DATE 3/5/04



REWIND 1459

3/26/76

24

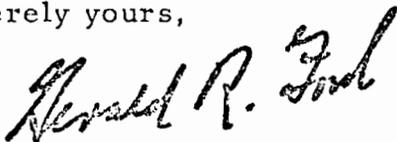
Dear Mr. Chancellor:

Thank you for sharing with me your thoughts on the specialty steel problem and its relationship to the broader problems of international economic policy. As you noted, we agreed at Rambouillet that the major trading nations should avoid solving their problems at the expense of others. This consideration was high among those that led me to decide not to accept the remedies proposed by the International Trade Commission in this case and to choose instead to attempt to negotiate an orderly marketing agreement.

Thus, I am seeking to provide an opportunity for the U.S. and its trading partners to develop a mutually satisfactory resolution of this difficult problem. I hope that this will be the end result of the consultative process now set in motion.

I believe both of us recognize that on a number of fronts the months ahead pose significant challenges to international economic cooperation. It will be especially important that we remain in close contact during this period. I genuinely welcome receiving your views, and can assure you that any observations you should make on any subject will be heavily weighed in our international policy considerations.

Sincerely yours,



Gerald R. Ford



Dear Mr. President:

The International Trade Commission has proposed to you on the basis of the Trade Act of 1974 to introduce import quotas for specialty steels. The restrictive nature of that proposal causes me -- and I suppose not me alone -- considerable concern. If that recommendation were accepted the climate throughout the world would essentially deteriorate. For there can be no doubt that in the case of protectionist measures being taken by the United States, other countries, if faced with internal economic difficulties, would immediately follow suit and restrict their imports. This would be a heavy blow economically, and place in jeopardy the first successes we have achieved with difficulty through our policy of stimulating economic activity. Thus, the decision you will have to make within a few days on the proposal made the International Trade Commission assumes an importance reaching far beyond the United States national sphere. It could have the effect of an international signal.

I assume that when making your decision you will take into account the arrangements which we made in the Declaration of Rambouillet on 17 November 1975 concerning the international economic and trade policy to be followed jointly. One of the main points on which we had agreed then was that we as main trading nations would avoid resorting to measures by which an attempt would be made to solve internal, national problems at the expense of other countries, with damaging consequences in the economic, social and political fields. In view of this understanding, I am convinced that in making your decision you will live up to the great responsibility which precisely your country has to bear in the present phase of world economic development.

With kind regards,

Yours,

Helmut Schmidt



MEMORANDUM

NATIONAL SECURITY COUNCIL

2159X

~~SECRET~~

ACTION
April 13, 1976

Start 4.13

MEMORANDUM FOR BRENT SCOWCROFT

FROM: Mr. Clift 

SUBJECT: Message to Chancellor Schmidt

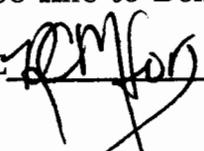
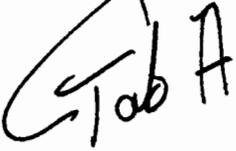
In the package at Tab I, the President has approved and signed a message to Chancellor Schmidt responding to Schmidt's message of concern over implementing U. S. actions on specialty steel.

As the incoming Schmidt message was received via the direct Bonn line to the White House, I recommend that you approve dispatch of the President's response via the White House's direct line to Bonn.

Bob Hormats concurs.

RECOMMENDATION

That you approve immediate dispatch of the message at Tab A via the White House line to Bonn.

APPROVE 

Tab A

DISAPPROVE _____

DECLASSIFIED
E.O. 12958, SEC. 3.5
NSC MEMO, 11/24/88, STATE DEPT. GUIDELINES
BY h2, NARA, DATE 3/5/04

~~SECRET~~
XGDS



1974



MEMORANDUM

~~THE PRESIDENT HAS SEEN~~

1459 - Add on

THE WHITE HOUSE

WASHINGTON

SECRET

ACTION

April 9, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT *B*

SUBJECT: Response to Message from
Chancellor Schmidt

As you will recall, on March 11 Chancellor Schmidt sent you a message (Tab B) stating his concern that your acceptance of the ITC recommendation on specialty steel would cause a deterioration in the international economic climate and trigger other countries to restrict imports. He noted that at Rambouillet it was agreed that the main trading nations would avoid resorting to measures to solve internal problems at the expense of other countries.

At Tab A is a message thanking Schmidt for sharing his thoughts with you, emphasizing that the Rambouillet agreement was high among the considerations that led you to decide to negotiate an orderly marketing agreement rather than accept the ITC recommendation, expressing the hope that negotiations will lead to a mutually satisfactory solution of the problem, and welcoming Schmidt's views in the future on the difficult challenges now being posed to international economic cooperation.

RECOMMENDATION:

That you approve the response to Schmidt at Tab A. William Seidman concurs.

SECRET - GDS

hh 3/5/04

Dear Mr. President:

The International Trade Commission has proposed to you on the basis of the Trade Act of 1974 to introduce import quotas for specialty steels. The restrictive nature of that proposal causes me -- and I suppose not me alone -- considerable concern. If that recommendation were accepted the climate throughout the world would essentially deteriorate. For there can be no doubt that in the case of protectionist measures being taken by the United States, other countries, if faced with internal economic difficulties, would immediately follow suit and restrict their imports. This would be a heavy blow economically, and place in jeopardy the first successes we have achieved with difficulty through our policy of stimulating economic activity. Thus, the decision you will have to make within a few days on the proposal made the International Trade Commission assumes an importance reaching far beyond the United States national sphere. It could have the effect of an international signal.

I assume that when making your decision you will take into account the arrangements which we made in the Declaration of Rambouillet on 17 November 1975 concerning the international economic and trade policy to be followed jointly. One of the main points on which we had agreed then was that we as main trading nations would avoid resorting to measures by which an attempt would be made to solve internal, national problems at the expense of other countries, with damaging consequences in the economic, social and political fields. In view of this understanding, I am convinced that in making your decision you will live up to the great responsibility which precisely your country has to bear in the present phase of world economic development.

With kind regards,

Yours,

Helmut Schmidt



21/10

MEMORANDUM

1459

NATIONAL SECURITY COUNCIL

ACTION

March 11, 1976

MEMORANDUM FOR: BRENT SCOWCROFT

FROM: ROBERT HORMATS *RH*

SUBJECT: Message from Chancellor Schmidt on
Specialty Steel Issue

We have just received the following communication from Chancellor Schmidt for the President regarding the specialty steel decision. It would be useful for the President to have this as soon as possible so that it can be factored into his decision. The memorandum at Tab I transmits Schmidt's message to the President.

RECOMMENDATION:

That you sign the memorandum for the President at Tab I.

*Tab I
sent to President
in Illinois
by wife
3-11-76
6:22 PM*



22

A



REWRITE 1459

3/26/76

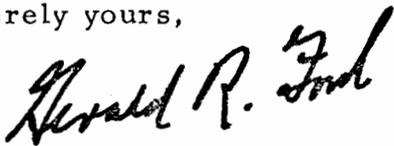
Dear Mr. Chancellor:

Thank you for sharing with me your thoughts on the specialty steel problem and its relationship to the broader problems of international economic policy. As you noted, we agreed at Rambouillet that the major trading nations should avoid solving their problems at the expense of others. This consideration was high among those that led me to decide not to accept the remedies proposed by the International Trade Commission in this case and to choose instead to attempt to negotiate an orderly marketing agreement.

Thus, I am seeking to provide an opportunity for the U.S. and its trading partners to develop a mutually satisfactory resolution of this difficult problem. I hope that this will be the end result of the consultative process now set in motion.

I believe both of us recognize that on a number of fronts the months ahead pose significant challenges to international economic cooperation. It will be especially important that we remain in close contact during this period. I genuinely welcome receiving your views, and can assure you that any observations you should make on any subject will be heavily weighed in our international policy considerations.

Sincerely yours,



Gerald R. Ford



21

REWRITE 1459

3/26/76

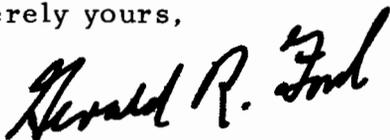
Dear Mr. Chancellor:

Thank you for sharing with me your thoughts on the specialty steel problem and its relationship to the broader problems of international economic policy. As you noted, we agreed at Rambouillet that the major trading nations should avoid solving their problems at the expense of others. This consideration was high among those that led me to decide not to accept the remedies proposed by the International Trade Commission in this case and to choose instead to attempt to negotiate an orderly marketing agreement.

Thus, I am seeking to provide an opportunity for the U.S. and its trading partners to develop a mutually satisfactory resolution of this difficult problem. I hope that this will be the end result of the consultative process now set in motion.

I believe both of us recognize that on a number of fronts the months ahead pose significant challenges to international economic cooperation. It will be especially important that we remain in close contact during this period. I genuinely welcome receiving your views, and can assure you that any observations you should make on any subject will be heavily weighed in our international policy considerations.

Sincerely yours,



Gerald R. Ford



2159X

NATIONAL SECURITY COUNCIL

April 19, 1976

TO: WILLIAM G. HYLAND

FROM: Jeanne W. Davis *Jim*

SUBJECT: Copy of Schmidt Exchange
to State

Shall I send a copy of the attached exchange to State? They will, of course, want to send it to our Embassy.

Denis Clift is doubtful but believes it should go NODIS, if at all. State has been complaining about our insistence on NODIS handling of messages primarily because they were originally transmitted backchannel, rather than on content.

Send to State NODIS: Yes *WAH* No

LIMDIS: Yes No

Authorize FYI transmission to Embassy Bonn:

Yes No *WAH*

2159X

NATIONAL SECURITY COUNCIL

April 19, 1976

TO: WILLIAM G. HYLAND

FROM: Jeanne W. Davis *JWD*

SUBJECT: Copy of Schmidt Exchange
to State

Shall I send a copy of the attached exchange to State? They will, of course, want to send it to our Embassy.

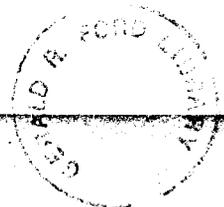
Denis Clift is doubtful but believes it should go NODIS, if at all. State has been complaining about our insistence on NODIS handling of messages primarily because they were originally transmitted backchannel, rather than on content.

Send to State NODIS: Yes _____ No _____

LIMDIS: Yes _____ No _____

Authorize FYI transmission to Embassy Bonn:

Yes _____ No _____



REWRITE 1459

3/26/76

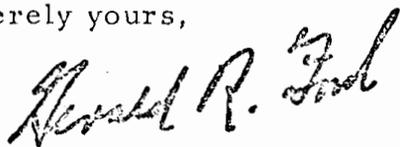
Dear Mr. Chancellor:

Thank you for sharing with me your thoughts on the specialty steel problem and its relationship to the broader problems of international economic policy. As you noted, we agreed at Rambouillet that the major trading nations should avoid solving their problems at the expense of others. This consideration was high among those that led me to decide not to accept the remedies proposed by the International Trade Commission in this case and to choose instead to attempt to negotiate an orderly marketing agreement.

Thus, I am seeking to provide an opportunity for the U.S. and its trading partners to develop a mutually satisfactory resolution of this difficult problem. I hope that this will be the end result of the consultative process now set in motion.

I believe both of us recognize that on a number of fronts the months ahead pose significant challenges to international economic cooperation. It will be especially important that we remain in close contact during this period. I genuinely welcome receiving your views, and can assure you that any observations you should make on any subject will be heavily weighed in our international policy considerations.

Sincerely yours,



Gerald R. Ford



Dear Mr. President:

The International Trade Commission has proposed to you on the basis of the Trade Act of 1974 to introduce import quotas for specialty steels. The restrictive nature of that proposal causes me -- and I suppose not me alone -- considerable concern. If that recommendation were accepted the climate throughout the world would essentially deteriorate. For there can be no doubt that in the case of protectionist measures being taken by the United States, other countries, if faced with internal economic difficulties, would immediately follow suit and restrict their imports. This would be a heavy blow economically, and place in jeopardy the first successes we have achieved with difficulty through our policy of stimulating economic activity. Thus, the decision you will have to make within a few days on the proposal made the International Trade Commission assumes an importance reaching far beyond the United States national sphere. It could have the effect of an international signal.

I assume that when making your decision you will take into account the arrangements which we made in the Declaration of Rambouillet on 17 November 1975 concerning the international economic and trade policy to be followed jointly. One of the main points on which we had agreed then was that we as main trading nations would avoid resorting to measures by which an attempt would be made to solve internal, national problems at the expense of other countries, with damaging consequences in the economic, social and political fields. In view of this understanding, I am convinced that in making your decision you will live up to the great responsibility which precisely your country has to bear in the present phase of world economic development.

With kind regards,

Yours,

Helmut Schmidt

207

2159X

~~SECRET~~

ACTION
April 13, 1976

MEMORANDUM FOR BRENT SCOWCROFT

FROM: Mr. Clift
SUBJECT: Message to Chancellor Schmidt

In the package at Tab I, the President has approved and signed a message to Chancellor Schmidt responding to Schmidt's message of concern over implementing U. S. actions on specialty steel.

As the incoming Schmidt message was received via the direct Bonn line to the White House, I recommend that you approve dispatch of the President's response via the White House's direct line to Bonn.

Bob Hormats concurs.

RECOMMENDATION

That you approve immediate dispatch of the message at Tab A via the White House line to Bonn.

APPROVE _____ DISAPPROVE _____

ADClift:gw:4/13/76



DECLASSIFIED
E.O. 12958, SEC. 3.5
NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES
BY lh, NARA, DATE 3/5/04

~~SECRET~~
XGDS

MEMORANDUM

~~PRESIDENT HAS SEEN~~

1459 - Add on 2 n. 2

THE WHITE HOUSE

WASHINGTON

~~SECRET~~ACTION

April 9, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT *BS*

SUBJECT: Response to Message from
Chancellor Schmidt

As you will recall, on March 11 Chancellor Schmidt sent you a message (Tab B) stating his concern that your acceptance of the ITC recommendation on specialty steel would cause a deterioration in the international economic climate and trigger other countries to restrict imports. He noted that at Rambouillet it was agreed that the main trading nations would avoid resorting to measures to solve internal problems at the expense of other countries.

At Tab A is a message thanking Schmidt for sharing his thoughts with you, emphasizing that the Rambouillet agreement was high among the considerations that led you to decide to negotiate an orderly marketing agreement rather than accept the ITC recommendation, expressing the hope that negotiations will lead to a mutually satisfactory solution of the problem, and welcoming Schmidt's views in the future on the difficult challenges now being posed to international economic cooperation.

RECOMMENDATION:

That you approve the response to Schmidt at Tab A. William Seidman concurs.

~~SECRET~~ - GDS

wa 3/5/04



REWRITE 1459

3/26/76

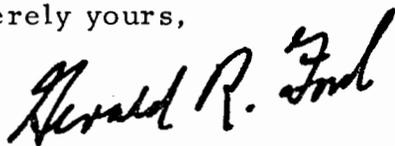
Dear Mr. Chancellor:

Thank you for sharing with me your thoughts on the specialty steel problem and its relationship to the broader problems of international economic policy. As you noted, we agreed at Rambouillet that the major trading nations should avoid solving their problems at the expense of others. This consideration was high among those that led me to decide not to accept the remedies proposed by the International Trade Commission in this case and to choose instead to attempt to negotiate an orderly marketing agreement.

Thus, I am seeking to provide an opportunity for the U.S. and its trading partners to develop a mutually satisfactory resolution of this difficult problem. I hope that this will be the end result of the consultative process now set in motion.

I believe both of us recognize that on a number of fronts the months ahead pose significant challenges to international economic cooperation. It will be especially important that we remain in close contact during this period. I genuinely welcome receiving your views, and can assure you that any observations you should make on any subject will be heavily weighed in our international policy considerations.

Sincerely yours,



Gerald R. Ford



20-4

Dear Mr. President:

The International Trade Commission has proposed to you on the basis of the Trade Act of 1974 to introduce import quotas for specialty steels. The restrictive nature of that proposal causes me -- and I suppose not me alone -- considerable concern. If that recommendation were accepted the climate throughout the world would essentially deteriorate. For there can be no doubt that in the case of protectionist measures being taken by the United States, other countries, if faced with internal economic difficulties, would immediately follow suit and restrict their imports. This would be a heavy blow economically, and place in jeopardy the first successes we have achieved with difficulty through our policy of stimulating economic activity. Thus, the decision you will have to make within a few days on the proposal made the International Trade Commission assumes an importance reaching far beyond the United States national sphere. It could have the effect of an international signal.

I assume that when making your decision you will take into account the arrangements which we made in the Declaration of Rambouillet on 17 November 1975 concerning the international economic and trade policy to be followed jointly. One of the main points on which we had agreed then was that we as main trading nations would avoid resorting to measures by which an attempt would be made to solve internal, national problems at the expense of other countries, with damaging consequences in the economic, social and political fields. In view of this understanding, I am convinced that in making your decision you will live up to the great responsibility which precisely your country has to bear in the present phase of world economic development.

With kind regards,

Yours,

Helmut Schmidt

201

2159X

~~SECRET~~

ACTION
April 13, 1976

MEMORANDUM FOR BRENT SCOWCROFT

FROM: Mr. Clift
SUBJECT: Message to Chancellor Schmidt

In the package at Tab 1, the President has approved and signed a message to Chancellor Schmidt responding to Schmidt's message of concern over implementing U.S. actions on specialty steel.

As the incoming Schmidt message was received via the direct Bonn line to the White House, I recommend that you approve dispatch of the President's response via the White House's direct line to Bonn.

Bob Hormats concurs.

RECOMMENDATION

That you approve immediate dispatch of the message at Tab A via the White House line to Bonn.

APPROVE _____

DISAPPROVE _____

ADClift:gw:4/13/76

~~SECRET~~
XGDS

DECLASSIFIED
E.O. 12958, SEC. 3.5
NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES
BY , NARA, DATE 3/5/04



MEMORANDUM

~~THE PRESIDENT HAS SEEN~~

1459 - Add on

20.2

THE WHITE HOUSE

WASHINGTON

~~SECRET~~ACTION

April 9, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT *BS*

SUBJECT: Response to Message from
Chancellor Schmidt

As you will recall, on March 11 Chancellor Schmidt sent you a message (Tab B) stating his concern that your acceptance of the ITC recommendation on specialty steel would cause a deterioration in the international economic climate and trigger other countries to restrict imports. He noted that at Rambouillet it was agreed that the main trading nations would avoid resorting to measures to solve internal problems at the expense of other countries.

At Tab A is a message thanking Schmidt for sharing his thoughts with you, emphasizing that the Rambouillet agreement was high among the considerations that led you to decide to negotiate an orderly marketing agreement rather than accept the ITC recommendation, expressing the hope that negotiations will lead to a mutually satisfactory solution of the problem, and welcoming Schmidt's views in the future on the difficult challenges now being posed to international economic cooperation.

RECOMMENDATION:

That you approve the response to Schmidt at Tab A. William Seidman concurs.

~~SECRET~~ - GDS*wh 3/5/04*

REWRITE 1459

3/26/76

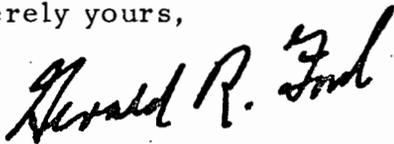
Dear Mr. Chancellor:

Thank you for sharing with me your thoughts on the specialty steel problem and its relationship to the broader problems of international economic policy. As you noted, we agreed at Rambouillet that the major trading nations should avoid solving their problems at the expense of others. This consideration was high among those that led me to decide not to accept the remedies proposed by the International Trade Commission in this case and to choose instead to attempt to negotiate an orderly marketing agreement.

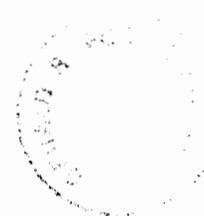
Thus, I am seeking to provide an opportunity for the U.S. and its trading partners to develop a mutually satisfactory resolution of this difficult problem. I hope that this will be the end result of the consultative process now set in motion.

I believe both of us recognize that on a number of fronts the months ahead pose significant challenges to international economic cooperation. It will be especially important that we remain in close contact during this period. I genuinely welcome receiving your views, and can assure you that any observations you should make on any subject will be heavily weighed in our international policy considerations.

Sincerely yours,



Gerald R. Ford



Dear Mr. President:

The International Trade Commission has proposed to you on the basis of the Trade Act of 1974 to introduce import quotas for specialty steels. The restrictive nature of that proposal causes me -- and I suppose not me alone -- considerable concern. If that recommendation were accepted the climate throughout the world would essentially deteriorate. For there can be no doubt that in the case of protectionist measures being taken by the United States, other countries, if faced with internal economic difficulties, would immediately follow suit and restrict their imports. This would be a heavy blow economically, and place in jeopardy the first successes we have achieved with difficulty through our policy of stimulating economic activity. Thus, the decision you will have to make within a few days on the proposal made the International Trade Commission assumes an importance reaching far beyond the United States national sphere. It could have the effect of an international signal.

I assume that when making your decision you will take into account the arrangements which we made in the Declaration of Rambouillet on 17 November 1975 concerning the international economic and trade policy to be followed jointly. One of the main points on which we had agreed then was that we as main trading nations would avoid resorting to measures by which an attempt would be made to solve internal, national problems at the expense of other countries, with damaging consequences in the economic, social and political fields. In view of this understanding, I am convinced that in making your decision you will live up to the great responsibility which precisely your country has to bear in the present phase of world economic development.

With kind regards,

Yours,

Helmut Schmidt



NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Presidential Libraries Withdrawal Sheet

WITHDRAWAL ID 017581

REASON FOR WITHDRAWAL National security restriction

TYPE OF MATERIAL Memorandum

CREATOR'S NAME Robert Hormats, Denis Clift

RECEIVER'S NAME Brent Scowcroft

RECEIVER'S TITLE Assistant to the President for National
Security Affairs

TITLE Response to Message from Chancellor
Schmidt

CREATION DATE 03/22/1976

VOLUME 1 page

COLLECTION/SERIES/FOLDER ID . 035100026

COLLECTION TITLE NATIONAL SECURITY ADVISER. PRESIDENTIAL
CORRESPONDENCE WITH FOREIGN LEADERS

BOX NUMBER 2

FOLDER TITLE Germany (FRG) - Chancellor Schmidt (3)

DATE WITHDRAWN 03/12/2004

WITHDRAWING ARCHIVIST GG

Sanitized 4/12/05

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W

MEMORANDUM

1459 - Add on

NATIONAL SECURITY COUNCIL

ACTION

March 22, 1976

~~SECRET~~

MEMORANDUM FOR: BRENT SCOWCROFT *↓*

FROM: ROBERT HORMATS *RH*
DENIS CLIFT *DC*

SUBJECT: Response to Message from
Chancellor Schmidt

At Tab A is a draft Presidential message responding to Schmidt's message (Tab B) stating his concern that the President's acceptance of the ITC recommendation on specialty steel would cause a deterioration in the international economic climate and trigger other countries to restrict imports, and would be inconsistent with Rambouillet

The President's response thanks Schmidt for sharing his thoughts, emphasizes that the Rambouillet agreement was high among the considerations which led him to reject the ITC recommendations in favor of negotiating an orderly marketing agreement, expressing the hope that the negotiations will achieve satisfactory results and welcoming Schmidt's views in the future on international economic issues.

RECOMMENDATION:

That you sign the memorandum for the President recommending his approval of the message to Schmidt at Tab A.

That if the President approves, you approve transmittal to Schmidt 25X1
and our sending a copy
of the final reply to State.

DECLASSIFIED, with previous exempt

AUTHORITY *RAC 4/12/05; State review 9/16/03; NSC guidelines*
BY *lh* _____ NLF, DATE *11/26/07*

Presidential Library Review of NSC and DOS Equiti

~~SECRET~~ - GDS



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*****U N C L A S S I F I E D*****S COPY

OP IMMED
SAZ142
DE RGFPAK 003 1131415
O 221415Z APR 76
FM CHANCELLOR SCHMIDT

TO PRESIDENT FORD

UNCLAS ANNEX CHARLIE MESSAGE MSGNR 0912

FEDERAL REPUBLIC OF GERMANY
THE FEDERAL CHANCELLOR

BONN, APRIL 22TH, 1976

DEAR MR PRESIDENT,
I THANK YOU VERY MUCH FOR YOUR LETTER OF 15 APRIL 1976
IN WHICH YOU SUGGEST THAT THE RAMBOUILLET TALKS BE CON-
TINUED. I AM VERY MUCH IN FAVOUR OF YOUR IDEA AND I FULLY
CONCUR WITH YOU IN YOUR ASSESSMENT OF THE PRODUCTIVE AND
HELPFUL EFFECTS WHICH THE RAMBOUILLET CONFERENCE HAS HAD.
BEFORE WE DEFINITELY DECIDE FOR ANOTHER CONFERENCE
TO BE HELD IT SHOULD HOWEVER BE MADE SURE, AS WAS DONE
LAST TIME, THAT THERE IS SUFFICIENT SUBSTANCE TO WARRANT
A SUCCESSFUL OUTCOME OF THE CONFERENCE. I WOULD BE GLAD
TO GO INTO THESE QUESTIONS WITH MY OLD FRIEND GEORGE SHULTZ.
I SUGGEST THAT IN ORDER TO ARRANGE FOR AN EARLY APPOINTMENT
GEORGE SHULTZ GET IN TOUCH WITH THE HEAD OF THE FEDERAL
CHANCELLERY, STATE SECRETARY DR SCHUELER.
AFTERWARDS A SIMILAR GROUP OF PERSONAL REPRESENTATIVES AS LAST
TIME SHOULD EXPLORE THE SUBJECTS FOR DISCUSSION, PROVIDED
THAT THE SUGGESTION TO CONTINUE OUR RAMBOUILLET TALKS MEETS
WITH A FAVOURABLE REACTION FROM OUR COLLEAGUES AS WELL.
I AVAIL MYSELF OF THIS OPPORTUNITY, MR PRESIDENT, TO
THANK YOU FOR YOUR MESSAGE OF 13 APRIL AND ESPECIALLY
FOR YOUR PERSONAL COMMITMENT AS REGARDS QUESTIONS OF
TRADE POLICY. I AM CONVINCED THAT THE SUCCESS OF OUR
POLICIES WHICH IS NOW BECOMING INCREASINGLY APPARENT IS
DUE DECISIVELY TO OUR EFFORTS TO AVOID UNSUITABLE WAYS
AND MEANS IN REVIVING OUR NATIONAL ECONOMIES.
WITH KIND REGARDS,
SGD. HELMUT SCHMIDT.
BT

*****WHSR COMMENT*****

SCONCROFT, HYLAND, MCFARLANE, RODMAN

RECALLED
PSN:011337 PAGE 01 OF 01 TOR:113/15146Z DTG:221415Z APR 76

*****U N C L A S S I F I E D*****S COPY



892

~~SECRET~~

*****B COPY

OP IMMED
DE WTE #2324 1211929
O 302027Z APR 76
FM THE WHITE HOUSE

TO CHANCELLOR SCHMIDT

~~SECRET~~ SENSITIVE EYES ONLY WH60609

APRIL 30, 1976

FROM: BRENT SCONCROFT

TO: CHANCELLOR SCHMIDT, FEDERAL REPUBLIC OF GERMANY

DEAR MR. CHANCELLOR:

SECRETARY KISSINGER HAS ASKED THAT I PASS TO YOU AND FOREIGN MINISTER GENSCHER THE FOLLOWING REPORT THAT HE PREPARED PERSONALLY FOR YOU BOTH ON HIS MEETINGS WITH PRESIDENT NYERERE:

QUOTE:

I HOPE THE FOLLOWING REPORT ON MY DISCUSSIONS WITH NYERERE WILL PROVE HELPFUL TO YOU DURING HIS FORTHCOMING VISIT.

NYERERE IS AN INFLUENTIAL LEADER AND AN ENGAGING INTERLOCUTOR. MY STOP IN TANZANIA WAS THE KEY ONE FOR MY ENTIRE TRIP AND IT WOULD NOT HAVE GONE BETTER. I FORESHADOWED MY LUSAKA SPEECH AND OUR APPROACH ELICITED A VERY POSITIVE RESPONSE FROM HIM WHICH HE IN TURN IS PASSING ON TO OTHER KEY AFRICAN LEADERS. MORE FUNDAMENTALLY, WE FOUND MUCH COMMON GROUND DESPITE ESSENTIAL IDEOLOGICAL ANTI-PATHY. WE BOTH WANT TO KEEP AFRICA FREE OF EXTRACONTINENTAL RIVALRY AND INFLUENCE, AND WE BOTH SEE AFRICAN UNITY AND RAPID PROGRESS ON SOUTHERN AFRICAN ISSUES AS THE WAY TO ACHIEVE THIS GOAL.

I EMPHASIZED THE FOLLOWING POINTS, WE WERE PUTTING THE AUTHORITY OF THE UNITED STATES ON THE SIDE OF A RAPID NEGOTIATED SETTLEMENT IN RHODESIA. WE HAVE HAD OTHER INTERNATIONAL AND DOMESTIC PREOCCUPATIONS AND MAY HAVE NEGLECTED AFRICA, BUT NOW WE WERE PREPARED TO MOVE FORCEFULLY, AT THE SAME TIME, I STRESSED THAT WE WOULD OPPOSE SOVIET AND CUBAN INTERVENTION. I OUTLINED FOR HIM THE ELEMENTS OF OUR STANCE ON RHODESIA

*****WHSR COMMENT*****

HYLAND, MCFARLANE, RODMAN

RECALLED

PSN:021696

PAGE 01

TOR:121/19:29Z

DTG:302027Z APR 76

~~SECRET~~

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DECLASSIFIED

E.O. 12958, SEC. 3.5

NSC MEMO, 11/24/00, STATE DEPT. GUIDELINES, State Review 9/16/03

BY hlg, NARA, DATE 3/5/04



~~SECRET~~

***** COPY

AND SOUTHERN AFRICA GENERALLY WHICH I GAVE IN MY SPEECH IN ZAMBIA THE NEXT DAY. WE WANTED MAJORITY RULE TO COME THROUGH A NEGOTIATED SETTLEMENT AND WANTED TO SEE A GOVERNMENT EMERGE THAT WAS TRULY AFRICAN, NOT THE PUPPET OF MOSCOW OR HAVANA. WE WERE DETERMINED TO PREVENT ANY FUTURE ANGOLAS. WE WOULD GIVE MORAL, POLITICAL AND ECONOMIC SUPPORT FOR MAJORITY RULE IN ORDER TO BRING SMITH AROUND. AT THE SAME TIME, WE COULD NOT AID THE LIBERATION MOVEMENTS DIRECTLY; AND WE WANTED TO SEE PROTECTION OF THE RIGHTS OF THE WHITE MINORITY, THUS WE HAD SOME PARALLEL INTERESTS WITH THE AFRICANS BUT IN ORDER FOR US TO HELP THEY HAVE TO STOP ATTACKING US ALL THE TIME. THE AMERICAN PEOPLE WOULD NOT UNDERSTAND WHY WE WERE HELPING THOSE WHO SEEMED TO BE ENEMIES.

NYERERE RESPONDED TO OUR APPROACH IN VERY POSITIVE FASHION, SAYING THAT IT CONSTITUTED A MAJOR STEP FORWARD. HE STRESSED OUR JOINT DESIRE TO KEEP OUT GREAT POWER RIVALRY WHICH ONLY SERVES TO DIVIDE AFRICA. TO THIS END HE AND OTHER BLACK AFRICANS WERE TELLING THE LIBERATION MOVEMENTS IN RHODESIA TO PULL TOGETHER; AND WERE FLATLY ORDERING MOSCOW, HAVANA, PEKING AND THE SCANDINAVIANS TO PROVIDE ALL AID THROUGH THE JOINT LIBERATION COMMITTEE OF THE OAU RATHER THAN DIRECTLY TO INDIVIDUAL RHODESIAN FACTIONS SO AS TO MANIPULATE THEM. IN SHORT, HE SHARED OUR DESIRE TO HEAD OFF ANY FUTURE ANGOLAS. THE AFRICANS, HAVE TURNED TO GUERRILLA WARFARE IN RHODESIA BECAUSE SMITH MADE CLEAR THAT HE WASN'T YET READY TO NEGOTIATE; HE SAID THAT HE AND THE OTHER AFRICANS WOULD SUPPORT THE NEGOTIATION ROUTE AGAIN ONCE IT WAS CLEAR THAT SMITH WAS SERIOUS. HE ADDED THAT HE WOULD CONTINUE TO SUPPORT CONSTITUTIONAL GUARANTEES FOR THE WHITES WHO WISH TO REMAIN IN RHODESIA, THOUGH PEOPLE LIKE SMITH AND THE "SEEKERS OF COMFORT" WOULD HAVE TO LEAVE AND COULD BE COMPENSATED. HE ALSO MADE A BRIEF PITCH ON EARLY NAMIBIA INDEPENDENCE. HE ALSO VOLUNTEERED THAT HE UNDERSTOOD OUR LIMITS. HE DID NOT EXPECT US TO GIVE ARMS TO AFRICAN LIBERATION MOVEMENTS. HE RECOGNIZED THAT SOUTH AFRICA WOULD REQUIRE A LONGER PERIOD OF TIME TO SOLVE THAN RHODESIA AND NAMIBIA.

NYERERE ORCHESTRATED HIS MEDIA, AND HIS MEETINGS WITH US IN A SKILLFULLY INTEGRATED WAY THAT REMINDS ME OF THE CHINESE. IN ALL THESE CONTEXTS HE DELIBERATELY CHOSE NOT TO HIT US FRONTALLY WITH DEMANDS WHICH WOULD HAVE MADE IT IMPOSSIBLE FOR US TO RESPOND CONSTRUCTIVELY. INSTEAD HE MADE CLEAR THAT HE UNDERSTOOD THE LIMITATIONS ON OUR ACTIONS (SUCH AS MILITARY AID TO LIBERATION MOVEMENTS) AND STRESSED THEMES (SUCH AS PREVENTING FUTURE ANGOLAS) WHERE HE COULD FIND COMMON GROUND. HE CONCENTRATED ON THE FUTURE RATHER THAN THE PAST.

RECALLED

PAGE 02

PSN:021096

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~~SECRET~~

***** COPY



~~SECRET~~

*****S COPY

AS YOU KNOW, HE IS NOW THE MOST INFLUENTIAL AFRICAN LEADER ON SOUTHERN AFRICAN ISSUES AND ONE OF THE LEADERS OF THE THIRD WORLD. HE COMBINES IMPECCABLE REVOLUTIONARY CREDENTIALS, A WIDE-RANGING INTELLECT, AND HARD-HEADED REALISM. HE IS BOTH AN ARTICULATE IDEOLOGUE AND A PRAGMATIST WHO IS INTERESTED IN RESULTS. HE HAS PARTICULAR INFLUENCE WITH ZAMBIA, MOZAMBIQUE AND BOTSWANA, BUT ALMOST ALL AFRICAN STATES LISTEN TO HIM ON SOUTHERN AFRICAN ISSUES. IF HE DECIDES TO BE HELPFUL, HE CAN HELP SET A DIRECTION AND TONE FOR THE CONTINENT.

SINCE MY TANZANIA STOP NYERERE HAS IN FACT BEEN HELPFUL, HE HAS GIVEN CONSIDERABLE PUBLICITY TO OUR APPROACH. BASED ON MY PREVIEW OF THE SPEECH, HE CONTACTED KAUNDA IN ADVANCE AND TALKED TO MOZAMBIQUE'S MACHEL IN DAR ES-SALAAM THE DAY OF THE SPEECH. AT THE LUSAKA LUNCH KAUNDA GOT UP AFTER MY PRESENTATION AND WARMLY WELCOMED IT ON BEHALF OF THE FOUR PRESIDENTS (ZAMBIA, TANZANIA, MOZAMBIQUE AND BOTSWANA). WE HAVE RECEIVED A VERY POSITIVE REACTION SO FAR IN AFRICA AND THE UNITED STATES, WITH A FEW INEVITABLE EXCEPTIONS.

IN SHORT, I THINK YOU WILL FIND THE TALKS WITH NYERERE VERY STIMULATING. YOU WILL, OF COURSE, WANT TO STRESS YOUR OWN THEMES BUT I BELIEVE IT WOULD BE EXTREMELY HELPFUL TO ALL OF US IN THE WEST IF YOU COULD UNDERLINE TWO POINTS. FIRST, AFRICANS SHOULD SOLVE THEIR OWN PROBLEMS WITHOUT RESORTING TO THE USE OF EXTERNAL POWERS; INTERFERENCE BY ONE OUTSIDE COUNTRY IS BOUND TO LEAD OTHERS TO COUNTER IT. SECOND, COUNTRIES LIKE TANZANIA CANNOT EXPECT THE WEST TO HELP ON PROBLEMS OF SOUTHERN AFRICA AND DEVELOPMENT WHILE SIMULTANEOUSLY BEING ATTACKED AND OPPOSED AT EVERY TURN; THERE MUST BE SOME TONING DOWN OF RHETORICAL CONFRONTATION IF WE ARE TO BUILD THE NECESSARY DOMESTIC SUPPORT FOR POSITIVE POLICIES.

I WOULD WELCOME HEARING THE RESULTS OF YOUR TALKS.

WARM REGARDS,

HENRY A. KISSINGER

UNQUOTE

SINCERELY,

BRENT SCOWCROFT
ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY AFFAIRS

PSN:021696 RECALLED PAGE 03 OF 03 TOR:121/19:29Z DTG:302027Z APR 76

~~SECRET~~

*****S COPY



THE FOLLOWING MESSAGE WAS RECEIVED BY THE SITUATION ROOM:

TO THE PRESIDENT FROM CHANCELLOR CF FRG OVER DUBUQUE

FRG 707

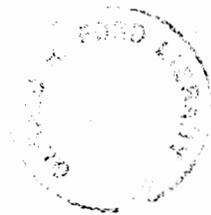
MR. PRESIDENT,

UPON LEAVING THE UNITED STATES I WOULD LIKE TO EXPRESS
TO YOU MY SINCERE APPRECIATION FOR THE VERY GOOD TALKS
WE HAD IN WASHINGTON AND MY GRATITUDE FOR THE FRIENDSHIP
AND HOSPITALITY YOU EXTENDED TO ME DURING MY STAY IN
THE UNITED STATES.

WITH WARMEST REGARDS,

SINCERELY

HELMUT SCHMIDT
CHANCELLOR OF THE FED.
REP. OF GERMANY



60

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

August 30, 1976

Dear Mr. Chancellor:

Thank you for your letter of July 29 concerning our discussions on defense issues during your recent visit. I wish to confirm your understanding that the traditional balance of payments offset arrangements, typified by those implemented between 1961 and 1975 pursuant to the NATO Resolutions of July 26, 1957, are no longer relevant.

I note with pleasure your expectation that military procurement by the Armed Forces of the Federal Republic in the United States, which has formed the basic element of such agreements, can be expected to continue as in the past.

I confirm with you the importance which both our governments attach to the transfer of a United States combat brigade to North Germany, and I welcome your offer to contribute an amount of DM 171.2 million toward the costs of the brigade's initial relocation. Continuing stationing costs are, of course, under the Status of Forces Agreement and the supplementary agreement thereto, the responsibility of the stationing power.

Finally, I also confirm our understanding that your government does not rule out the possibility of

~~SECRET~~

DECLASSIFIED

E.O. 12958, SEC. 3.5

NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES, State Review 9/16/03
BY , NARA, DATE 3/5/04



~~SECRET~~

-2-

contributions being considered in future exceptional cases which lie in the interests of collective defense.

With kind regards.

Sincerely,

Gerald R. Ford

His Excellency Helmut Schmidt
Chancellor of the Federal Republic of Germany
Bonn

~~SECRET~~



36

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

4503X

~~SECRET/SENSITIVE~~

ACTION

August 25, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: Brent Scowcroft 
SUBJECT: Reply to Chancellor Schmidt on NORTHAG/Offset

FRG Chancellor Schmidt has sent you a letter (at Tab B) stating his interpretation of US-FRG understandings on defense issues reached during his official visit to Washington last month. His letter is an accurate expression of the discussions and understandings between the two of you and between Secretary Kissinger and Foreign Minister Genscher.

The reply for your signature to Chancellor Schmidt at Tab A would confirm these understandings, specifically, that:

- the traditional balance of payments offset arrangements are no longer relevant;
- FRG military procurement in the US can be expected to continue as in the past;
- the FRG will contribute DM 171.2 million toward initial relocation of a US combat brigade to North Germany;
- continuing stationing costs are the responsibility of the stationing power; and
- the FRG does not rule out the possibility of contributions being considered in future exceptional cases which lie in the interests of collective defense.

Your reply to Chancellor Schmidt has been coordinated with the Departments of State, Treasury and Defense.

RECOMMENDATION

That you sign the letter to Chancellor Schmidt at Tab A.

~~SECRET/SENSITIVE~~

XGDS

DECLASSIFIED

E.O. 12958, SEC. 3.5

NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES, state rev: ew 9/16/03
BY td, NARA, DATE 3/5/04

~~Secret~~

BUNDESREPUBLIK DEUTSCHLAND
DER BUNDESKANZLER

Bonn, July 29, 1976

Dear Mr. President,

the question of balance of payments offset arrangements between the Federal Republic of Germany and the United States of America has been discussed on several recent occasions by the Secretary of State of the United States of America and the Minister of Foreign Affairs. They were agreed that the offset arrangement implemented by our two governments between 1964 and 1975 in pursuance of the NATO Resolution of July 26, 1957, is no longer applicable in view of significant improvements in the fields of international monetary and economic policy.

Therefore, I wish to note our agreement that the traditional balance of payments offset has lost its relevance.

However, military procurement by the Armed Forces of the Federal Republic in the United States, which has formed the basic element of past such agreements, can be expected to continue as in the past.

His Excellency
Mr. Gerald Ford
President of the United States
of America

Washington, D.C.

DECLASSIFIED

E.O. 12958, SEC. 3.5

NSC MEMO, 11/24/00, STATE DEPT. GUIDELINES, State Review 9/16/03

BY 101, NARA, DATE 3/5/04

- 2 -

The Government of the Federal Republic of Germany welcomes the intention of the United States administration to transfer a combat brigade to North Germany. It attaches special importance to this step to strengthen the defense capability of the alliance, and is prepared in this exceptional case to make a single payment of up to 171,2 million Deutsche Mark towards the cost of the military accomodation of the brigade. However, the Federal Government deems it important to state that this special, single contribution does not establish any obligation on the part of the Federal Republic of Germany to pay stationing costs which, under the Status of the Forces Agreement and the supplementary agreement thereto, is the responsibility of the stationing power.

The Federal Government does not rule out the possibility of contributions being considered in future exceptional cases which lie in the interests of collective defense.

With kind regards,

Sincerely,

*Yours
Hermann Götting*

4503X

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~/SENSITIVE/XGDS

ACTION

August 11, 1976

MEMORANDUM FOR BRENT SCOWCROFT

FROM: Richard T. Boverie *RTB*
 Robert Gates *RG*

SUBJECT: Presidential Reply to Chancellor Schmidt on
 NORTHAG/Offset

Chancellor Schmidt has sent the President a letter (at Tab B) setting forth his interpretation of US-FRG understandings on defense issues reached during his official visit to Washington last month. The points in the letter are, in our view and that of the Department of State, an accurate reflection of the discussions and understandings between the two leaders and between Secretary Kissinger and Foreign Minister Genscher.

The memorandum for your signature to the President at Tab I would forward the Chancellor's letter, together with a brief summary and a proposed reply. The President's reply at Tab A, prepared by State with minor, non-substantive revisions here, would confirm the understandings noted by the Chancellor. (State's draft, annotated with our changes, is at Tab II. State has concurred in our revisions.)

As we noted in our earlier memorandum to you on the Chancellor's letter, we believe that Defense clearance should be handled by you with Staser Holcomb to avoid reopening State-Defense disagreements at the bureaucratic level. Similarly, Bob Hormats recommends (and we concur) that you inform Under Secretary Yeo at Treasury of the Chancellor's letter and the substance of the President's reply. Treasury has been involved throughout this process until recent weeks and has a legitimate interest in knowing of the President's reply to Chancellor Schmidt. Your clearance with Yeo would satisfy the need to touch base with Treasury without delaying the President's reply.

Bob Hormats concurs.

RECOMMENDATION

1. That you clear the Presidential reply at Tab A with Holcomb at Defense and Yeo at Treasury.
2. That you sign the memorandum to the President at Tab I.

~~SECRET~~/SENSITIVE/XGDS

Handwritten notes:
 4503X
 President 8/16/76

DECLASSIFIED
 E.O. 12958, SEC. 3.5
 NSCMEMO, 11/24/00, STATE DEPT. GUIDELINES, STATE REVIEW 9/16/03
 BY: [signature], NARA, DATE: 2/5/04

Handwritten signature:
 [signature]

MEMORANDUM

NATIONAL SECURITY COUNCIL

advised Anne 6:30pm 8/23 - sent forward to President 8/26 am

4503X

bd

~~SECRET~~/SENSITIVE/XGDS

ACTION

August 11, 1976

MEMORANDUM FOR BRENT SCOWCROFT

FROM: Richard T. Boverie *RTB*
Robert Gates *RG*

SUBJECT: Presidential Reply to Chancellor Schmidt on
NORTHAG/Offset

Chancellor Schmidt has sent the President a letter (at Tab B) setting forth his interpretation of US-FRG understandings on defense issues reached during his official visit to Washington last month. The points in the letter are, in our view and that of the Department of State, an accurate reflection of the discussions and understandings between the two leaders and between Secretary Kissinger and Foreign Minister Genscher.

The memorandum for your signature to the President at Tab I would forward the Chancellor's letter, together with a brief summary and a proposed reply. The President's reply at Tab A, prepared by State with minor, non-substantive revisions here, would confirm the understandings noted by the Chancellor. (State's draft, annotated with our changes, is at Tab II. State has concurred in our revisions.)

As we noted in our earlier memorandum to you on the Chancellor's letter, we believe that Defense clearance should be handled by you with Staser Holcomb to avoid reopening State-Defense disagreements at the bureaucratic level. Similarly, Bob Hormats recommends (and we concur) that you inform Under Secretary Yeo at Treasury of the Chancellor's letter and the substance of the President's reply. Treasury has been involved throughout this process until recent weeks and has a legitimate interest in knowing of the President's reply to Chancellor Schmidt. Your clearance with Yeo would satisfy the need to touch base with Treasury without delaying the President's reply.

Bob Hormats concurs.

RECOMMENDATION

1. That you clear the Presidential reply at Tab A with Holcomb at Defense and Yeo at Treasury.
2. That you sign the memorandum to the President at Tab I.

~~SECRET~~/SENSITIVE/XGDS

DECLASSIFIED

E.O. 12958, SEC. 3.5

NBC MEMO, 11/24/88, STATE DEPT. GUIDELINES, State Review 9/16/03
BY *sk*, NARA, DATE 3/5/04

H. J. ...





DEPARTMENT OF STATE

7617035

Washington, D.C. 20520

August 10, 1976

~~SECRET~~

NODIS

MEMORANDUM FOR MR. BRENT SCOWCROFT
THE WHITE HOUSE

Subject: Proposed Reply from President to Letter from
FRG Chancellor on Northag/Offset

Attached is a proposed reply from the President
to a letter from FRG Chancellor Schmidt on the
subject of Northag/offset.

for Actors/Bridges
C. Arthur Borg
Executive Secretary

Attachments:

1. Proposed letter from the President
2. Letter from Chancellor Schmidt

~~SECRET~~
GDS

lb 3/6/04

SECRET

Dear Mr. Chancellor:

~~I refer to~~ ^{Thank you for} your letter of July 29 ^{concerning our discussions} ~~and to the~~
~~discussions we had~~ ^{on defense issues} during your recent visit. I wish to
 confirm your understanding that the traditional ^{balance of payments} offset
 arrangements, typified by those implemented between 1961
 and 1975 pursuant to the NATO Resolution of July 26, 1957,
 are no longer relevant.

I note with pleasure ~~[however]~~ your expectation
 that military procurement by the Armed Forces of the
 Federal Republic in the United States, which has formed
 the basic element of such agreements, can be expected to
 continue as in the past.

I confirm with you the importance which both our
 governments attach to the transfer of a United States
 combat brigade to North Germany, and I welcome your offer
 to contribute an amount of DM 171.2 million toward the
 costs of the brigade's initial ^{relocation.} ~~[implantation.]~~ Continuing
 stationing costs are, of course, under the Status of
 Forces Agreement and the supplementary agreement thereto,
 the responsibility of the stationing power.

His Excellency
 Helmut Schmidt,
 Chancellor of the Federal Republic of Germany,
 Bonn.

DECLASSIFIED
 E.O. 12958, SEC. 3.5

SECRET

STATE DEPT, GUIDELINES, state review 9/16/03

BY hda NARA DATE 3/5/04

~~SECRET~~

-2-

Finally, I also confirm our understanding that your government does not rule out the possibility of contributions ^{being considered} in future exceptional cases which lie in the interests of collective defense.

[Notes:
Added phrase makes consistent with text of Schmidt letter.]

With kind regards.

Sincerely,

Gerald R. Ford

~~SECRET~~



NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

4503

~~SECRET/NODIS~~

August 9, 1976

MEMORANDUM FOR

C. Arthur Borg
Executive Secretary
Department of State

SUBJECT: Letter From FRG Chancellor
on NORTHAG/Offset

The attached letter has been received from Chancellor Schmidt stating his interpretation of the US-FRG understanding on defense issues reached during his official visit to Washington last month.

It would be appreciated if the Department of State would prepare a proposed reply from the President to Chancellor Schmidt setting forth the U.S. position on this issue. The draft reply should be forwarded no later than August 11, 1976 for consideration by the President.


Jeanne W. Davis
Staff Secretary

Attachment

~~SECRET/NODIS/XGDS~~

DECLASSIFIED
E.O. 12958, SEC. 3.5
NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES
BY , NARA, DATE 3/5/04



66
A#

MEMORANDUM

NATIONAL SECURITY COUNCIL

4503

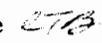
~~SECRET~~/NODIS/XGDS

ACTION

August 6, 1976

MEMORANDUM FOR BRENT SCOWCROFT

FROM:

A. Denis Clift 
Richard T. Boverie 

SUBJECT:

Schmidt Letter on NORTHAG/Offset

The memorandum for Jeanne Davis' signature to State at Tab A would forward Chancellor Helmut Schmidt's letter of July 29 setting forth his understanding of the agreement reached with the President on NORTHAG and Offset. The memorandum would request the Department of State to prepare a proposed reply from the President to the Chancellor stating the U.S. position on these issues. The reply is requested by August 11 to permit Presidential action prior to the departure for Kansas City.

We believe that Defense clearance should be handled by you with Holcomb following receipt of the State draft to avoid reopening State-Defense disagreements at the bureaucratic level.

RECOMMENDATION

That you approve the memorandum at Tab A.

APPROVE  _____

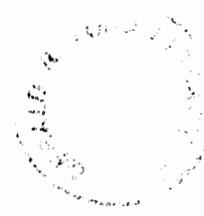
OTHER _____

~~SECRET~~/NODIS/XGDS

DECLASSIFIED

E.O. 12958, SEC. 3.5

NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES, *Stat Review 9/16/03*
BY  _____, NARA, DATE *3/5/04*

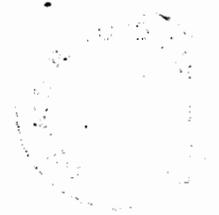


6i

*Letter to
Schmitt*
THE WHITE HOUSE
WASHINGTON

Delivered by
Charge Pilot Hansen,
FRG, 6¹⁰ pm, 5/5/76

[RE: SCHMIDT LTR TO Pres]



~~Geheim~~

BUNDESREPUBLIK DEUTSCHLAND
DER BUNDESKANZLER

Bonn, den 29. Juli 1976

Sehr geehrter Herr Präsident,

die Frage von Devisenausgleichsvereinbarungen zwischen der Bundesrepublik Deutschland und den Vereinigten Staaten von Amerika wurde jüngst verschiedentlich vom Außenminister der Vereinigten Staaten und dem Bundesminister des Auswärtigen erörtert. Sie stimmten darin überein, daß die Devisenausgleichsregelung, die aufgrund der NATO-Resolution vom 26. Juli 1957 in den Jahren 1961 bis 1975 von unseren beiden Regierungen durchgeführt wurde, angesichts der bedeutenden Verbesserungen im internationalen währungspolitischen und wirtschaftspolitischen Bereich nicht mehr anwendbar ist.

Daher möchte ich unser Einvernehmen darüber feststellen, daß der herkömmliche Zahlungsbilanzausgleich gegenstandslos geworden ist. Es kann jedoch davon ausgegangen werden, daß die militärischen Beschaffungskäufe durch die Streitkräfte der Bundesrepublik Deutschland in den Vereinigten Staaten von Amerika, die das wesentliche Element solcher früheren Vereinbarungen dargestellt haben, wie in der Vergangenheit fortgeführt werden.

Seiner Exzellenz
dem Präsidenten der
Vereinigten Staaten von Amerika
Herrn Gerald Ford

Washington

DECLASSIFIED
E.O. 12958, SEC. 3.5
STATE DEPT, GUIDELINES, *State Dep. aw 9/16/03*
BY 14 NADA DATE *3/5/04*

- 2 -

Die Regierung der Bundesrepublik Deutschland begrüßt die Absicht der Regierung der Vereinigten Staaten von Amerika, eine Kampfbrigade nach Norddeutschland zu verlegen. Sie mißt diesem Vorhaben eine besondere Bedeutung für die Stärkung der Verteidigungskraft der Allianz bei und ist in diesem außergewöhnlichen Falle bereit, mit einer einmaligen Zahlung bis zu 171,2 Mio DM zu den Kosten der militärischen Unterbringung der Brigade beizutragen. Die Bundesregierung legt allerdings Wert auf die Feststellung, daß dieser besondere einmalige Kostenbeitrag keine Verpflichtung der Bundesrepublik Deutschland zur Zahlung von Stationierungskosten begründet, die nach dem Truppenvertrag und der Zusatzvereinbarung den Stationierungsmächten obliegt.

Die Bundesregierung schließt nicht aus, daß sie in künftigen, im Interesse der gemeinsamen Verteidigung liegenden außergewöhnlichen Fällen prüfen wird, ob die Möglichkeit einer Kostenbeteiligung besteht.

Mit freundlichen Grüßen

Herrn ergebend
Klausur-Sammlung

CLASSIFICATION: ~~SECRET ATTACHMENT~~

NATIONAL SECURITY COUNCIL
REFERRAL

Date: 31 August 1976

NSC log # 4503

NSC Receipt #1202

MEMORANDUM FOR:

C. Arthur Borg
Executive Secretary
Department of State

DOCUMENT DESCRIPTION: PRESIDENTIAL "GREEN" LETTER

To: Chancellor Helmut Schmidt

From: President Ford

Date: 30 August 1976

Subject:

ACTION REQUESTED:

Draft reply for: President's Signature
 White House Staff
 Other _____

Direct reply Furnish info copy

Dispatch VIA CLASSIFIED POUCH! Translation

Recommendations/Comments Appropriate Handling

Other Information

DUE DATE:

COMMENTS: [ATTACHED IS ONE SEALED ENVELOP & CY FOR YOUR FILE ONLY!
* HANDLE AS NODIS

BMurhont
for Jeanne W. Davis
Staff Secretary

CLASSIFICATION: ~~SECRET ATTACHMENT~~

NSC CORRESPONDENCE PROFILE

DOC		RECD			LOG NUMBER
MO	DA	MO	DA	HR	
8	6	8	9	09	7604503X

INITIAL ACTION 0

SOURCE/CLASS/DESCRIPTION

TO: PRES _____ FROM: SECSTATE _____ S/S _____ UNCLAS LOG IN/OUT _____
 SCOWCROFT X _____ SECDEF _____ LOU NO FORM (MODIS)
 MYLAND _____ DCI _____ X REF _____ C EYES ONLY EXDIS _____
 DAVIS _____ STATE P/SEC _____ (S) CODEWORD _____
 OTHER Clift/Bovene TS SENSITIVE _____

SUBJECT: Ack ltr to Pres from Schmidt re his understanding of agreement w/ Pres re NORTHAG + offset - LA

DISTRIBUTION/INITIAL ACTION ASGMT

INTERNAL ROUTING AND DISTRIBUTION					REC CY FOR	ACTION REQUIRED
	ACTION	CONCURRENCE	COORDINATE	INFO		
ADV CYS SCROFT/WGH						MEMO FOR SCOWCROFT _____
STAFF SECRETARY						MEMO FOR PRES _____
CONGRESSIONAL						REPLY FOR _____
ECONOMIC						APPROPRIATE ACTION _____
EUR/CANADA/OCEANS					<u>X</u>	MEMO _____ TO _____
FAR EAST/PRC						RECOMMENDATIONS _____
INTELLIGENCE						JOINT MEMO _____
LATIN AMERICA						REFER TO _____ FOR: _____
MID EAST/NO. AFRICA						ANY ACTION NECESSARY? _____
NSC PLANNING						CONCURRENCE _____
PROGRAM ANALYSIS						DUE DATE: _____
SCIENTIFIC						COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
SUB-SAH/AFRICA/UN						

ROOMAN Leonard, M

SUBSEQUENT ROUTIN /SUBSEQUENT ROUTING/ACTIONS

DATE	FROM	TO	STATUS	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	DUE	CY TO
8/9		Scowcroft	X	Decision	8/11	
8-9		NSC	-	Scowcroft approved memo		
8/9		DAVIS	S	Syn memo to Borg		
8/9			D	Davis sgd memo to Borg	8/11	
8/10				Keep state clift 761 703		
8/11		Clift	S	Memo to Pres	8/11	Bovene
8/11				Taken outside system		
8/11	BOJERIE GATES	SCROFT	"X"	APPROPRIATE ACTION		
8/30		Pres	P	Syn memo to Schmidt		
8/30	done 8/31	Pres	C	Pres sgd memo to Schmidt		

NSC/S INSTR DISP INSTR

DISPATCH X VIA STATE SECRETARIAT NOTIFY _____
 SPECIAL DISPOSITION: _____
 SPECIAL INDEXING: _____
 SUSPENSE CY ATTACHED X

MICROFILM & FILE ROOMS
 M/F/D _____ BY _____
 CRT ID: AIX IF _____
 OPEN _____ NS _____ DY _____
 CLOSE _____ WH _____ SA _____ PP _____
PA

7F
Re: Schmidt

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~TOP SECRET/SENSITIVE~~

INFORMATION

December 12, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT *BS*

The following message has just been received from Chancellor Schmidt:

"Dear Mr. President,

"Concerning the project of a safety-net for sterling balances, I am informed that the Central Bankers of the Club of Ten will meet tomorrow Monday in Bale/Switzerland. The USA will be represented by Mr. Wallich. The German Federal Bank Chairman Klasen and the Bank of England Chairman will also participate. In regard to this meeting I would like to propose that Mr. Wallich is being given instructions so as to enable the meeting to envisage the safety-net solution in so far as is necessary for Prime Minister Callaghan to tell the British Parliament on Wednesday about the fact that the safety-net is in the making.

"I believe that Mr. Callaghan needs not to speak more specifically. I do assume that German Government officials and German Central Bank officials will meet their American counterparts in Washington, D. C. on Wednesday.

"They should then be in a position to draw up the agreement on the safety-net for sterling balances. If my assumptions are correct this would make it possible to announce the principles of the safety-net in the later course of this week. One should hope that thereby any psychologic danger for sterling balances can be avoided.

"I beg your understanding for bothering you over the weekend but I think the matter is important.

"I have not informed our British friend about this message.

/s/ Your Truly, Helmut Schmidt
Federal Chancellor of Germany"



~~TOP SECRET/SENSITIVE~~

DECLASSIFIED
E.O. 12068, SEC. 3.5
NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES, State Review 9/16/03
BY *ck*, NARA, DATE *3/5/04*

Thank you for your message of December 10. Derek Mitchell has already arrived in Washington and has been meeting with Arthur Burns and Ed Yeo.

I can assure you that we will, in the discussions on the sterling balances problem, convey what we believe to be constructive, substantive ideas and proposals which both meet our domestic requirements and are responsive to your needs. We are also aware that the United Kingdom has a number of ideas and proposals, and that a considerable amount of work has been done in the BIS. It is my hope and expectation that constructive negotiations ^{here} can reach a positive, mutually satisfactory solution to this problem.

While we intend to move as rapidly as possible, I believe that on an issue as complex as this, final agreement will be unlikely by Monday evening. I do understand your concerns, however, and we shall be as responsive as possible in conveying by Monday evening wording which reflects the progress of our discussions as of that time.

