1. STERNER AND I HAD 90-MINUTE MEETING WITH PRESIDENT SADAT AT BARRAGES REST HOUSE THIS EVENING. HEYKAL WAS PRESENT.

2. WE CONVEYED PERSONAL GREETINGS OF SECRETARY ROGERS AND JOE SISCO. WE SAID IN PAST FEW WEEKS WASHINGTON HAD BEEN CAREFULLY REVIEWING RESULTS OF OUR EXCHANGES WITH THE TWO SIDES ON AN INTERIM SETTLEMENT. WE HAD GIVEN CLOSE STUDY TO PRESIDENT SADAT'S TWO TALKS WITH MR. BERGUS AS WELL AS THE PAPER LEFT WITH HIM AT THAT TIME. WE HAD ALSO HAD SOME FURTHER EXCHANGES WITH THE ISRAELIS SUBSEQUENT TO THIS. WE HAD NOW FORMED SOME VIEWS AS TO HOW WE SHOULD PROCEED FROM HERE, AND AS FIRST STEP SECRETARY ROGERS WISHED THAT THESE VIEWS BE DISCUSSED WITH PRESIDENT SADAT. SECRETARY HAD ACCORDINGLY ASKED ME TO RETURN TO CAIRO AND HAD SENT STERNER ALONG SO THAT HE COULD REPORT FULLY TO THE SECRETARY ON HIS RETURN.

3. WE SAID WE WANTED TO SHARE WITH PRESIDENT SADAT OUR ASSESSMENT OF CURRENT SITUATION. AS HE KNEW, WE BELIEVED HE TOOK COURAGEOUS AND STATESMANLIKE STEP IN FEBRUARY BY POSITIVE REPLY TO JARRING INITIATIVE. AS PRESIDENT SADAT ALSO KNEW, WE CONSIDERED ISRAELI REPLY UNSATISFACTORY. WE WOULD CONTINUE TO DO WHATEVER WE COULD ON THIS ASPECT OF THE SITUATION, BUT IN TERMS OF WHAT WAS FEASIBLE, WE BELIEVED BEST AVENUE FOR PROGRESS IN IMMEDIATE FUTURE WAS IN NEGOTIATIONS ON AN INTERIM SETTLEMENT. BOTH EGYPT AND ISRAEL HAD PUT FORWARD WORTHWHILE CONCEPTS ON THIS. ALSO, OBVIOUSLY, EACH SIDE HAD PUT FORWARD SOME POSITIONS WHICH OTHER SIDE HAD DIFFICULTY WITH. IN THIS NEXT STAGE, WE WANTED TO CONCENTRATE ON FINDING WAYS TO RECONCILE THESE DIFFERENCES. IT WOULD TAKE SOME ADJUSTMENTS IN THE POSITIONS OF BOTH SIDES. OUR JUDGMENT WAS THAT EVEN THOUGH PROCESS OF RECONCILIATION MIGHT NOT PROVE EASY, AGREEMENT WAS STILL POSSIBLE ASSUMING BOTH SIDES REALLY WANTED ONE AND REMAINED FLEXIBLE ENOUGH TO MAKE THE NECESSARY ADJUSTMENTS. WE WANTED TO MAKE EVERY EFFORT TO NARROW THE GAP AS RAPIDLY AS POSSIBLE.

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4. WE SAID THAT SINCE SECRETARY'S VISIT TO THE AREA, HOWEVER, THERE HAD BEEN SOME DEVELOPMENTS, FULL MEANING OF WHICH WERE NOT IMMEDIATELY CLEAR. WE REMINDED SADAT THAT ONLY OFFICIAL COMMENT USG HAD MADE ON EGYPT-SOVET TREATY WAS WHAT PRESIDENT NIXON HAD SAID IN HIS PRESS CONFERENCE TO EFFECT THAT WE DID NOT INTEND TO PRE-JUDGE TREATY BUT WOULD BE WATCHING FOR ITS PRACTICAL EFFECTS, OUR MAIN CONCERN BEING THAT IT SHOULD NOT LEAD TO NEW ARMS SPIRAL WHICH WOULD MAKE ATMOSPHERE FOR NEGOTIATIONS MORE DIFFICULT. BUT PRESIDENT SADAT SHOULD KNOW THAT TREATY IS SUBJECT OF MAJOR INTEREST IN WASHINGTON, THAT IT HAS RAISED SOME QUESTIONS, AND HAS DELAYED PROCESS OF DECIDING HOW WE PROCEED IN DAYS AHEAD.

5. PRESIDENT SADAT INTERJECTED AT THIS POINT THAT TREATY CHANGED NOTHING -- ABSOLUTELY NOTHING -- IT MERELY PROVIDED FORMAL FRAMEWORK FOR A RELATIONSHIP WHICH ALREADY EXISTED AND WHICH WE KNEW ALL ABOUT.

6. WE SAID WE BELIEVED NEXT ORDER OF BUSINESS SHOULD BE TO EXPLORE, IN SPECIFIC TERMS, HOW THE DIFFERENCES ON AN INTERIM SETTLEMENT COULD BE NARROWED. ASSUMING UAR'S CONTINUING INTEREST IN AN INTERIM SETTLEMENT, OUR EFFORTS WOULD BE RENewed IN ISRAEL. WASHINGTON WAS NOW ACTIVELY CONSIDERING HOW BEST TO CARRY OUT EARLY, INTENSIVE DISCUSSIONS WITH ISRAELIS. WE WERE CONSIDERING SENDING MR. SISCO TO ISRAEL AT AN EARLY DATE FOR THIS PURPOSE. FINAL DECISION HAD NOT BEEN MADE AND WASHINGTON'S DECISION WOULD BE DETERMINED TO SOME EXTENT BY OUR REPORT OF WHAT PRESIDENT SADAT TOLD US THIS EVENING. WE EXPECTED TO HAVE FURTHER INSTRUCTIONS IN NEXT FEW DAYS. AFTER WASHINGTON HAD HAD CHANCE TO STUDY REPORT OF OUR CONVERSATION, WE WOULD GIVE PRESIDENT SADAT MORE DETAILS ON THIS.

7. WE SAID THAT BEFORE ANY OF THIS WAS SET IN MOTION, HOWEVER, SECRETARY ROGERS FELT WE SHOULD TOUCH BASE WITH PRESIDENT SADAT TO MAKE SURE THAT PREMISES ON WHICH WE WERE PROCEEDING WERE MUTUALLY UNDERSTOOD. WE UNDERSTOOD, FIRST, THAT PRESIDENT SADAT REMAINED INTERESTED IN ACHIEVING AN INTERIM SETTLEMENT, THAT HE DESIRED U.S. TO CONTINUE ITS EFFORTS TO HELP BOTH SIDES IN REACHING SUCH AN AGREEMENT, AND THAT ELEMENTS OF FLEXIBILITY INDICATED IN PREVIOUS EXCHANGES WITH PRESIDENT SADAT BOTH IN WRITING AND VERBALLY REMAINED VALID. WE TOOK IT, IN OTHER WORDS, THAT NEITHER POLITICAL CHANGES IN MAY NOR SOVIET-EGYPTIAN FRIENDSHIP TREATY HAD ALTERED UAR'S INTEREST IN ACHIEVING INTERIM SETTLEMENT. WE ASKED SADAT WHETHER THIS WAS A CORRECT UNDERSTANDING ON OUR PART.
8. OBVIOUSLY MAKING EFFORT TO CONTROL SOME IRRITATION, SADAT SAID HE REALLY DID NOT UNDERSTAND NEED FOR FURTHER ASSURANCES ON THIS POINT. HE HAD NOT GIVEN THIS ASSURANCE IN VERY CLEAR TERMS TO BERGUS BEFORE HE LEFT CAIRO? HADN'T BERGUS REPORTED THIS FULLY TO THE SECRETARY? WE ASSURED HIM THAT BERGUS HAD SO REPORTED. WE SAID, HOWEVER, POLITICAL PROCESS WAS CONSTANTLY UNDER WAY IN WASHINGTON JUST AS IT WAS IN CAIRO AND PRESIDENT SADAT'S REAFFIRMATION OF THIS BASIC UNDERSTANDING WOULD BE IMPORTANT COMING AT THIS TIME. THERE WERE MANY PEOPLE IN ISRAEL AND SOME IN WASHINGTON WHO WERE SAYING THAT SOVIET-EGYPTIAN TREATY HAD FUNDAMENTALLY CHANGED THINGS. IT WOULD HELP IN OUR COMING DISCUSSIONS WITH ISRAEL TO BE ABSOLUTELY CLEAR IN OUR OWN MINDS, AND TO BE ABLE TO CONVEY THIS TO THE ISRAELIS, THAT PRESIDENT SADAT STILL WANTED SETTLEMENT.

9. VERY SERIOUSLY, VERY DELIBERATELY, SADAT SAID "TELL SECRETARY ROGERS, TELL PRESIDENT NIXON, THAT EVERYTHING I SAID WHEN SECRETARY ROGERS WAS HERE IN MAY AND WHEN I SAW SISCO LATER STILL STANDS". HE MADE IT CLEAR AT THIS POINT IN OUR CONVERSATION AND SEVERAL TIMES SUBSEQUENTLY THAT HE STILL WANTED AN INTERIM SETTLEMENT, THAT HE WANTED THE U.S. TO CONTINUE ITS DIPLOMATIC ROLE TO HELP THE TWO SIDES ACHIEVE THIS, AND THAT POSITIONS AND IDEAS HE HAD CONVEYED PREVIOUSLY STILL STOOD.

10. WE RAISED PROBLEM ABOUT LINES OF COMMUNICATION. WE SAID WE HAD SOME PROBLEMS WITH THIS AND THAT ON OCCASION FOREIGN MINISTRY'S FEELINGS OF BEING BY-PASSED HAD CREATED DIFFICULTIES. SADAT SMILED BROADLY AT THIS, SAID HE REGRETTED ANY MISUNDERSTANDINGS THAT HAD ARISEN BUT SAID SOME OF THESE WERE PARTLY OUR OWN FAULT. FOR EXAMPLE, EARLIER ON, MR. SISCO HAD BEEN MENTIONING THINGS WE WERE GETTING DIRECTLY FROM SADAT TO ASHRAF GHORBAL. GHORBAL THEN REPORTED BACK TO FOREIGN MINISTRY CAUSING WOUNDED FEELINGS. "LEAVE THIS ONE TO ME" SAID SADAT. HE SAID HE WANTED US TO CONTINUE TO OPERATE AS WE HAD BEEN, THAT IS TO USE HEYKAL AS THE CHANNEL TO HIM. SADAT SAID THAT WHEN HE FELT LIKE IT, HE WOULD BRING THE FOREIGN

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MINISTRY INTO THE PICTURE. SADAT MENTIONED HE RECEIVED LETTER FROM SAMI SHARAF, NOW IN PRISON, ACCUSING MAHMoud RIAD OF OPPOSING SADAT FOREIGN POLICY.

11. WE SAID THERE WAS RELATED PROBLEM TO THIS. WE VERY MUCH HOPED THAT FOR TIME BEING WE COULD GET AWAY FROM PUTTING THINGS DOWN ON PAPER AND STICK TO VERBAL EXPLORATIONS, AT LEAST IN PRELIMINARY STAGE OF NEGOTIATIONS. WE SAID SEC. ROGERS WHO HAS HAD LIFETIME OF EXPERIENCE IN NEGOTIATIONS OF ONE SORT OR ANOTHER, FELT STRONGLY THIS WAS BEST WAY TO PROCEED. PUTTING THINGS DOWN ON PAPER WOULD BE RELATIVELY SIMPLE MATTER WHEN ORAL EXPLORATIONS ACHIEVED COMMON UNDERSTANDING. SADAT READILY ASSSENTED TO THIS.

12. WE THEN SAID THAT WASHINGTON HAD WELCOMED PRESIDENT SADAT'S EARLIER ASSURANCES THAT ONCE INTERIM AGREEMENT WAS ACHIEVED, DIPLOMATIC RELATIONS BETWEEN U.S. AND UAR COULD BE RESTORED. WAS THIS STILL PRESIDENT'S VIEW? SADAT SAID PLEASANTLY BUT NEVERTHELESS WITH SOME HEAT: "I AM A MAN WHO STANDS BY HIS WORD". THE MOMENT INTERIM AGREEMENT IS REACHED, SAID SADAT, HE WOULD BEGIN CONSULTATIONS WITH CERTAIN OTHER ARAB STATES ABOUT RESUMPTION OF RELATIONS WITH U.S., BUT "REGARDLESS OF THEIR OPINION, I WILL PROCEED TO RESUME RELATIONS. I GIVE YOU THIS ASSURANCE".

13. WE SAID ANOTHER POINT OF VERY CONSIDERABLE INTEREST IN WASHINGTON WAS PRESIDENT'S ASSURANCE TO SECRETARY THAT ONCE INTERIM SETTLEMENT IS ACHIEVED, SOVIET OPERATIONAL MILITARY PERSONNEL WOULD LEAVE UAR. WAS THIS STILL PRESIDENT'S VIEW? AGAIN PRESIDENT ASKED: "WHY DO I HAVE TO SAY EVERYTHING TWICE, THREE TIMES?" SADAT EXPLICITLY CONFIRMED THAT HE STOOD BY THIS ASSURANCE. HE SAID THAT AS SOON AS AGREEMENT REACHED, HE WOULD ASK SOVIET "MILITARY OFFICERS AND SOLDIERS, BUT NOT THE SOVIET MILITARY ADVISORS", TO LEAVE THE COUNTRY. WE COULD BE ASSURED OF THIS BECAUSE HE HAD TO MAKE MONTHLY PAYMENTS IN "Dollars AND Sterling" FOR THESE PEOPLE AND HE WANTED VERY MUCH TO SPEND THE MONEY ON OTHER THINGS HIS COUNTRY NEEDED DESPERATELY AS SOON AS THEIR SERVICES COULD BE DISPENSED WITH. WE ASKED WHAT VISIBLE EVIDENCE THERE MIGHT BE OF THIS DEPARTURE. SADAT SAID: "DON'T WORRY, YOU WILL KNOW ABOUT IT WHEN THEY LEAVE THE SAME WAY YOU KNEW ABOUT IT WHEN THEY CAME. YOU HAVE THE MEANS". SADAT MENTIONED THAT THERE WERE SOVIET OPERATIONAL PERSONNEL ONLY IN SAM SITES IN INTERIOR OF COUNTRY, NONE IN SUEZ CANAL ZONE.

14. WE ASKED SADAT ABOUT HIS VIEWS ON SOVIET ROLE IN NEGOTIATIONS. WE ASSUMED UAR WAS KEEPING SOVIETS INFORMED ABOUT PROGRESS OF NEGOTIATIONS. WAS THIS ARRANGEMENT SATISFACTORY TO PRESIDENT, OR DID HE SEE NEED FOR SOME CHANGE? SADAT SAID HE RECOGNIZED SOVIETS HAD AN INTEREST

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IN INTERIM SETTLEMENT BUT IT WAS MAINLY EGYPTIAN CONCERN. SADAT SAID "BRING ME AN AGREEMENT TOMORROW AND IF I LIKE THE LOOKS OF IT, I WILL SIGN IF REGARDLESS OF WHAT THE SOVIETS THINK ABOUT IT." HE SAID HE WANTED TO MAKE IT ABSOLUTELY CLEAR THAT ALTHOUGH SOVIETS WERE PLAYING AN IMPORTANT ROLE IN SUPPORTING HIS COUNTRY, "THEY HAVE NO GUARDIANSHIP OVER ME". UP TO NOW, SAID SADAT, EGYPT IS STILL A NON-ALIGNED COUNTRY. USG SHOULD HAVE NO CONCERN ON THAT SCORE. AT SAME TIME, SADAT INDICATED THAT OUR TOUCHING BASE DIRECTLY WITH SOVIETS FROM TIME TO TIME WOULD CAUSE HIM NO CONCERN.
15. SADAT ASKED WHETHER THESE WERE ALL ASSURANCES WE WERE SEEKING. WHY DID WASHINGTON NEED REPETITION OF THESE ASSURANCES? WHAT DID WE THINK POLITICAL ARRESTS ON MAY 13 WERE ALL ABOUT? HE HAD THROWN THESE PEOPLE OUT BECAUSE OF THE VERY FACT THAT THEY HAD OPPOSED HIS POLICY OF SEEKING NEGOTIATED SETTLEMENT AND OF RelyING ON THE U.S. TO HELP ACHIEVE this. JUST RECENTLY HE HAD IN EFFECT TERMINATED KHALID MUHIEDDIN'S POLITICAL CAREER IN EGYPT AND MOvE WORLD PEACE COUNCIL OUT OF ASU HEADQUARTERS. WHAT FURTHER ASSURANCES COULD HE GIVE. WE REPLIED PRESIDENT HAD TO UNDERSTAND THAT EGYPT-SOVIET TREATY HAD CAUSED SOME GENUINE DOUBTS AS TO WHETHER FORMER POLICIES AND INTENTIONS STILL STOOD. ISRAELIS, FOR EXAMPLE, WERE SAYING THAT TREATY CHANGED EVERYTHING AND THERE WERE SOME PEOPLE IN WASHINGTON WHO WOULD BE DISPOSED TO BELIEVE THIS. REASSURANCES WERE, THEREFORE, IMPORTANT AND COST THE WAR VERY LITTLE. IT COSTS US TIME, INTERJECTED SADAT. HE SAID HE WAS AFRAID HE WAS COMING TO CONCLUSION THAT WASHINGTON WAS MERELY PLAYING FOR TIME. IF U.S. WAS REALLY SERIOUS ABOUT WANTING TO SPEED UP NEGOTIATIONS, WE OUGHT TO GET ON WITH IT. DIDN'T USG WANT CREDIT FOR FOSTERING AGREEMENT? HE WAS READY TO DO BUSINESS WHENEVER WE HAD SOME RESULTS TO SHOW.

16. SADAT LAUNCHED INTO LENGTHY DISCUSSION ABOUT U.S. ARMS FOR ISRAEL. HE COMPLAINED ABOUT U.S. POLICY OF "MAINTAINING ISRAELI SUPERIORITY OVER ARABS". (WE CORRECTED HIM TO SAY OUR POLICY WAS TO SEE THAT MILITARY BALANCE DID NOT TIP AGAINST ISRAEL, WHICH WAS DIFFERENT THING.) HE SAID BITTERLY U.S. POLICY ON ARMS TO ISRAEL WAS UNFAIR. "YOU GIVE ISRAELIS EVERYTHING THEY NEED, BUT WE DON'T GET ANYTHING LIKE THIS FROM THE RUSSIANS". HE SAID SOVIETS HAD NOT GIVEN HIM ANYTHING THAT COULD STAND UP TO PHANTOM. SOVIETS HAD GIVEN HIM "SOME ELECTRONICS", BUT NOTHING LIKE WHAT U.S. WAS GIVING ISRAEL. HE SAID NSI INTELLIGENCE KNEW ABOUT "EXPERIMENTS" U.S. WAS CARRYING ON FOR THE ISRAELIS.

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17. MEETING ENDED ON PLEASANT, CONGENIAL NOTE. SADAT INDICATED THAT CISCO WOULD BE WELCOME IN CAIRO WHENEVER HE FELT HE HAD SOMETHING OF SIGNIFICANCE TO SAY TO HIM. HE ASKED WHEN WE EXPECTED RESULTS. WE SAID WE COULD NOT TELL, BUT WE WANTED TO BEGIN DISCUSSIONS SOON. BY END OF SUMMER, WE SHOULD KNOW WHETHER INTERIM AGREEMENT WAS POSSIBLE OR NOT. SADAT SAID SOMBERLY: "PLEASE MAKE THEM AWARE IN WASHINGTON WE DO NOT HAVE MUCH TIME". POLITICAL PROCESS IS UNDERWAY IN CAIRO WHICH WILL INEVITABLY BE INFLUENCED BY RESULTS OR LACK OF RESULTS IN NEGOTIATIONS. THERE WOULD BE ASU ELECTIONS CULMINATING IN HIS MAJOR SPEECH TO PUBLIC ON JULY 23 IN WHICH HE WOULD HAVE TO SAY SOMETHING ABOUT STATUS OF NEGOTIATIONS AND ABOUT U.S. ROLE IN THEM. WHAT WOULD HE SAY? NEXT FEW WEEKS WOULD DETERMINE THIS. IN AUGUST, HE WOULD HAVE TO SIT DOWN AND MAP OUT STRATEGY IN LIGHT ALTERNATIVES AVAILABLE TO HIM INCLUDING UN SESSION THIS FALL IF, IN FACT, IT APPEARED NEGOTIATIONS WERE NOT GETTING ANYWHERE.

18. WE ARE GETTING THIS OFF TONIGHT AND WILL SEND OUR IMPRESSIONS OF MEETING BY SUBSEQUENT TELEGRAM TOMORROW MORNING.

BERGUS

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