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1975/06/02

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By SOM NARA DTS 8/11/00

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MEMORANDUM OF CONVERSATION

DATE: June 2, 1975
TIME: a.m.
PLACE: Salzburg
The Residenz

SUBJECT:

PARTICIPANTS: Egypt

Anwar Al-Sadat, President
Major General Mubarak, Vice President
Ismail Fahmi, Foreign Minister

United States

The President
The Secretary
Joseph J. Sisco, Under Secretary for
Political Affairs

DISTRIBUTION:

The President: How would you like to proceed?

President Sadat: As you would like. I have studied the points we discussed. I want you to have something to present to the Israelis despite the fact that they are occupying my lands and despite the fact that they are in a

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psychological state and confused. We are at a turning point. It seems to me that no one is able to work out peace in Israel. It is too weak a government. The world is waiting for results. I want to push the peace process. I want to move in the direction of agreement. With Dr. Kissinger I indicated that I was willing to renew annually the UNEF Force. I renewed it for three months to July. If we reach agreement, I can agree to renew it annually and to give you another year in writing until July 1977, one year to July 1976, and then an additional year.

The Secretary: President Sadat, that is what we have agreed before. The Israelis will not see this as new.

The President: You mean you would be willing to give me a letter which comprises a two-year commitment?

The Secretary: Let me explain. We have already told the Israelis of the Egyptian intent to renew UNEF annually and the renewal just described by President Sadat will not be considered a new concession by the Israelis. I have already indicated to them your willingness to renew the mandate of UNEF after a one-year period.

The President: It could be renewed annually as long as the process of peace goes on. The written assurances would be for the two-year period until July 1977?

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Foreign Minister Fahmi: I want to be realistic.

The Secretary: Candidly, the Israelis think that already based on what we have said. What we need is something beyond this. It has to encourage the Israelis to make progress. It has to avoid the impression of an Egyptian-American proposal of Egyptian-American collusion. You agree in principle to getting something new to them. We need to get some new idea from you. We would take it to Rabin and then he would go back to the Cabinet to report and there would be a several week hiatus. We really need something on duration which is different from what we had in March. There are two aspects to the question of duration. First is what you have agreed to that the agreement will remain in effect until superseded by another agreement. The other aspect relates to UNEF renewal. Would it be possible initially to have a two-year period followed up by a one-year renewal which would give us a total of three years? As to the warning station, maybe the Israelis could hold on to it for the first two years until they had built another one. As to any American plan that would be put down by us, as you know, we believe that the Egyptian line should be east of the passes, Egypt should have continuous access to the oil fields, and the Israelis should be out of the passes.

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Foreign Minister Fahmi: The President will give us a letter for whatever length of time but I cannot put it in a UN resolution. This would raise hell with the Arabs. If we put it in the Security Council Resolution everybody will say it is a partial solution.

The Secretary: If you give such a letter the Israelis will leak it.

Foreign Minister Fahmi: Let them leak it.

President Sadat: If we agree to two years and in the letter we include then an additional year, what's the use of going to Geneva if we do this?

The President: Well if I understand your question, the answer is that we would be going to Geneva with an approach to an overall settlement.

President Sadat: The Israelis will not want to go to Geneva.

The Secretary: They have to recognize the price the Russians will ask. If the Israelis insist that the price for an interim agreement is that we will not go to Geneva for the period which an interim agreement lasts, we won't pay that price. We would go to Geneva,

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perhaps put up a proposal about December but it would have to be understood that it would not be implemented in 1976. Implementation could be considered in 1977. If President Ford wins, we could start implementing it in 1977.

The President: We could meet your concerns if we went to Geneva. We could make a broad comprehensive proposal.

The Secretary: We have worked out the strategy to press for an interim agreement or to go for the overall settlement. The Israelis are getting ready for an interim agreement. We are tactically in a better position to do something unexpected. We hope that President Ford can break the impasse in the Middle East. If we could get an interim agreement, we could then reconvene Geneva in October, let it go for a while and perhaps submit our substantive ideas around December. This would help you. I realize this would produce an explosion in America. The President can fight that battle based on the interim agreement. Moreover, after our elections he will have created a moral basis for a big move in 1977.

President Sadat: I agree to the principle that we should try to hold matters until 1977. I can't put two years in the agreement but we don't differ practically.

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The Secretary: In practice it is in our President's interest to do it soon in 1977, that is, in the honeymoon period after his reelection. Anything that we can bring to Rabin which would give us three years would help and it would help avoid a war in 1976.

President Sadat: I can assure you, Mr. President, that I do not want any war. As far as I am concerned, Syria can go to war by itself. I am not intending to start a war. As to the monitoring stations that we discussed, I believe that should be manned by Americans.

The President: Will the Russians agree?

President Sadat: They have no voice in the matter. We have full confidence in you.

The Secretary: It is conceivable that Americans manning such stations would be acceptable at home. It could be characterized as an essential of our surveillance responsibility under the disengagement agreements where we fly U-2, where we analyze the pictures and give them to both sides. We would have to assume that could be a matter of tactical intelligence. Mr. President, you would have to sell this to Congress. Maybe civilians could do the monitoring in the stations.

President Sadat: By radio.

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Foreign Minister Fahmi: Take the question of Israeli cargoes going through the Suez Canal. The Israelis leaked it.

The Secretary: As to the UN Force, what happens if the Soviets did veto its extension?

President Sadat: I could ask the nations to stay. I can't say that in a letter but if there is a veto, I can ask the nations to stay on on another basis. They could stay on the basis of an Egyptian request.

Foreign Minister Fahmi: We could go to the General Assembly if the Soviets veto where we will get very broad support for the renewal of the UNEF Force.

The Secretary: You know how important it is to get a longer duration. That must be made to move. We would not give them your proposal. The President would put it strongly and then at some point there would be an American proposal. We have to have some three-year phraseology and an answer to the veto problem.

President Sadat: (Turning to Fahmi.) We should work out the phraseology in this three-year thing and on the veto question there is also the question of the warning stations. We would propose that Americans man the warning stations. This is an important proposal. Americans would be witnesses.

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It would be a complete guarantee for the Israelis.

The Secretary: We have been dealing with President Sadat for some time as a statesman. I think we can sell these ideas.

President Sadat: I believe that our ideas will give the President some leverage.

The Secretary: If the Israelis think about it carefully, the idea of Americans manning the warning stations is an interesting idea; it is a very novel idea. From the Israelis point of view an American presence is better than a three-year agreement.

President Sadat: I am going to have to pay for all of this.

Foreign Minister Fahmi: The Americans can give us the money.

The Secretary: The idea of the Americans manning the stations engages the United States in a permanent way. It is a better assurance for Israel.

The President: I believe it is very salable with the American public. Moreover, if Israel accepted the proposal, the Israeli supporters would help.

The Secretary: It is very important that this should not be told to Rabin next week. We will indicate to Rabin that you, President Sadat, have indicated a willingness

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to look at the question of duration. We will also indicate that you are willing to look at the question of the warning stations and then two weeks after the Rabin visit we could go back to them specifically with your creative idea.

President Sadat: The President has said that it is salable in America.

The Secretary: It is important, President Sadat, that you not look eager for an interim agreement. That the indications be that everything is still open, that you are going home to think about what we have talked about. We have a chance if we get tough with Rabin. If we could get agreement by July 5, then it could all get done in a week or so.

President Sadat: An interim agreement would be a big blow to the USSR.

The Secretary: It would be important to do it before the European Security Conference since we have leverage on the Russians and they would not want to cause too much difficulty before that Conference. The United States is the only one they really wanted at the conference. They would have to be very careful not to cause difficulty before then. As to procedure, diplomatic channels are useless. You will have to shake the Israelis. Then we

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hear from them in ten days and then you could send me out to the area with your proposal.

President Sadat: As to an American proposal, President Ford could adopt the posture of putting pressure on me. He could say that he, President Ford, has insisted that I modify my position.

The Secretary: This would enable us to say that President Ford has broken the impasse. In other words, the warning stations would be manned by Americans, and there would be three-year language in the letter on the UNEF extension.

President Sadat: (Turning to Fahmi.) Work out the language with Henry. As to the Soviets, I tried to tell the Soviets (not) to fly Foxbats on my land.

The Secretary: The interim agreement will not help our relations with the Soviets nor will it help your relations.

President Sadat: You have nothing to fear from the Soviets.

Foreign Minister Fahmi: This will bring a major crisis between Egypt and the Soviets.

President Sadat: It will give the United States the upper hand.

The Secretary: They cannot do anything.

The President: I believe the ideas indicated by President Sadat are salable.

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President Sadat: The Soviets reported to us on Henry's last meeting with Gromyko. Gromyko reported complete surrender to Kissinger.

The Secretary: Fahmi knows who gave up what.

Foreign Minister Fahmi: I told Gromyko there would be no more communiques with him. We write communiques and he surrendered totally to Kissinger.

President Sadat: The Soviets are clumsy and suspicious.

The Secretary: I believe our approach here ought to be that you are going home to consider what each of us has said and to weigh our conversation. You should not appear to anxious to get an interim agreement. It is still 50-50.

The President: The Israelis are scared to death about going to Geneva.

The Secretary: I have consulted with a lot of Senators on the Hill. As to the press, we could say that we have discussed a number of questions, that the atmosphere was excellent and that both President Ford and President Sadat are going to go back home and think about the substance of the conversations.

President Sadat: I will bear witness to the fact that President Ford and the United States would be responsible for breaking the impasse and achieving the interim agreement.

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The Secretary: The Israelis cannot yield to me; they can yield to President Ford.

President Sadat: I would like to say a word, Mr. President, about our economic position. We need a billion and a half dollars, half of which should come from the Arabs. We need long loans with a grace period.

The President: Henry and I have discussed this matter.

The Secretary: Our aim is to put in for \$500 million for Egypt for FY '76. As to Egypt's immediate problem, we have talked to a number of countries. We would hope it would be possible to get \$250 million from Saudi Arabia and Iran, respectively, and maybe \$100 million from Germany and \$100 million from Japan, and the United States would put in \$250 million. We would try to do this on a long-term basis, perhaps with a five-year grace period. I have talked to Genscher and the Germans have agreed to approach other European countries.

President Sadat: See if you can get Japan to raise their figure of \$100 million.

The President: We will make maximum efforts.

The Secretary: We will also talk to the French. I want to explain, President Sadat, that the connection between this and Israeli assistance. As you know, we have been

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disappointed by the Israelis before and we could be fooled again on this question of an interim agreement. It may prove necessary to hold up on their aid but what you have to understand is if we have to do that, your aid would become hostage to their aid.

President Sadat: I understand this. On the Hill they will try to hold up the whole aid bill until I give Israel what it wants.

President Sadat: I can understand this.

The President: The Israelis believe they can ram down my throat any figure; they are wrong. I could sustain a veto. If we can get an interim agreement, then we could negotiate with the Congress in advance on what the figures might be. This may take time.

President Sadat: I have half of what I need already from the Arabs. I can manage for the remainder of this year if necessary.

The Secretary: If the interim agreement works, we will go to the Congress very early. We will have to put in a large sum for Israel. If the interim agreement works, we will go early.

The President: When we went up to the Hill, we did not reduce the amount for Egypt. They knew that we had the votes.

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President Sadat: I would hope that something could be done about the problem of arms for Egypt after the interim agreement is achieved. I am heading for a confrontation with the Soviets. The Soviets have never forgiven me for this — for being close to the United States. I need to buy defensive arms from the United States.

The Secretary: If we can create a real climate for peace this might be possible.

The President: President Sadat, your proposal for two monitoring stations is a very helpful and constructive proposal.

The Secretary: As to the economic consortium, it would be helpful, Mr. President, to keep Saudi Arabia connected with it because this will help us in encouraging the Europeans.

President Sadat: If I understand, we can persuade the Saudi Arabians to remain included.

The Secretary: We will also be in touch with the Saudi Arabians, as well as the Europeans. As to the question of Syria, we will have to make a maximum effort with Syria to assure that something is going on. In practice

Syrian negotiations may have to be worked out in the context of Geneva.

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