

*Huntington*

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April 29, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: ZBIGNIEW BRZEZINSKI  
SUBJECT: Foreign Policy Overview and the Summit

At the Summit your colleagues will want to learn from you, even if only informally, your broad views on foreign policy.

Accordingly, you may find it useful to look at the preliminary statement of the proposed document on your four-year goals. The statement contains a basic concept underlying U. S. foreign policy, the identification of ten central goals, as well as a much larger number of single-sentence statements defining the needed steps or specific targets for the attainment of these major objectives.

The appendix on the new regional influentials also contains maps identifying how these new regional influentials impinge on or relate to other states. The final map behind the discussion of each individual regional power provides that particular data.

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RAC Project  
ESDN: NLC-12-26-6-2-2

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 29, 1977

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MEMORANDUM FOR: THE PRESIDENT  
FROM: ZBIGNIEW BRZEZINSKI  
SUBJECT: Four-Year Goals: Preliminary Statement

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Purpose and Scope

The memorandum which follows is an attempt to define your four-year foreign policy goals. It is not meant to be a public statement -- and its publication or revelation would be counterproductive. It would provide your critics with ammunition (both now and four years hence) and public disclosure would also make it more difficult to attain many of your goals. Moreover, in some ways any such statement is bound to be arbitrary and even simplistic -- but otherwise it would have to be a book, with all the explanations, elaborations, and nuances included.

The document is not an interagency consensus statement. It was prepared, on the basis of the conceptual framework which you and I have often discussed, by Sam Huntington and myself, with NSC staff inputs. (Sam is also coordinating the PRM 10 effort.)

As of now, you are the first consumer of this statement. It has not been cleared with the Secretary of State nor with any other members of the Cabinet. At this stage, the document is meant only for your personal consumption. Once revised on the basis of your instructions and following a discussion with your principal advisers, it should become a decision paper from the top down, rather than a consensual statement filtered upwards through the bureaucracy.

~~This statement sets out ten central objectives for the next four years.~~ It does not prescribe specific tactics but it does propose steps for the attainment of these ten central objectives, in addition to some others as well.

I believe the four year objectives -- though ambitious -- are realistic. In any event, they provide both stimulus and discipline for the development of specific policy choices for your decision. I should note that the second

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of these central objectives -- that we cultivate the new "regional influentials" -- is likely to be both controversial and possibly even occasionally in conflict with some of the other goals. Yet I believe that American interests and global stability require that we nourish a better relationship with these key states. Not to do so is to deprive ourselves of potentially very constructive relationships. Given the importance and sensitivity of this proposal, I attach a special annex (TabIV), pertaining to these states.

### Basic Concept

These ten central objectives are derived from a basic concept of what U. S. foreign policy should be at this historical stage. I want to stress to you the importance of that concept. A foreign policy to be effective must rest on a reasonably accurate assessment of the basic historical need. The Soviets periodically undertake a very deliberate reappraisal of their foreign policy based on the question: what is the nature of our historical phase? Has that phase changed, and -- if so -- what are the implications for the Soviet foreign policy? We should be similarly alert to the meaning of historical change. U. S. foreign policy in the past was relatively successful because the notions of Atlanticism and containment did correspond to the major needs of the late 40's and early 50's. Accordingly, this document is based on a unifying theme and you have to decide whether the definition of that theme -- in the section called "Overall Concept" -- is congenial to you.

### Action

Accordingly, I would recommend: (1) that you review the document, make whatever changes you deem necessary, and give me further guidance; (2) that following further revisions in the light of your directives, the document be used as the basis for discussion with your principal advisers (such as the Secretary of State), and possibly even with top Congressional leaders (though perhaps without actual distribution); (3) that you give a comprehensive speech, maybe after the summit, using largely the conceptual part in order to educate the public and to convey to all concerned that your various actions are part of an overall scheme (contrary to some criticisms that are now being voiced).

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Even then, the document should not be distributed except perhaps at a restricted NSC meeting itself.

Please indicate whether this approach meets with your approval.

APPROVE \_\_\_\_\_ DISAPPROVE \_\_\_\_\_

COMMENTS \_\_\_\_\_

Let me also raise here the possibility that you consider using your Notre Dame University Address to develop the above approach. You might remember that I proposed a few days ago that you give a conceptual speech, attempting to integrate your overall policy, and follow it shortly thereafter by a town hall meeting specifically on foreign policy. The Notre Dame date comes roughly two weeks after the summit, and it might be a good place to summarize your basic conclusions, and then go on to deliver a more far-reaching and essentially conceptual statement on your foreign policy.

APPROVE \_\_\_\_\_ DISAPPROVE \_\_\_\_\_

COMMENTS \_\_\_\_\_

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Four-Year Foreign Policy Objectives

I. OVERALL CONCEPT

U. S. foreign policy can be expressed in terms of several broad purposes. Though interrelated, these purposes imply, though not rigidly, a basic hierarchy. (At a specific level, choices are often necessary -- as in the exemption of South Korea on security grounds from aid cutoff on human rights grounds).

These broad purposes are:

1. To assure the security of the United States;
2. To enhance peace by reducing international tensions and the probability of war;
3. To promote the prosperity of the United States;
4. To advance global wellbeing by creating an open, cooperative and equitable international economic order;
5. To expand fundamental human rights.

The document which follows is designed to promote all of these broad purposes, and it attempts to translate them into more specific goals in the political, economic and defense areas.

The basic conceptual frame of reference for the more specific goals is a historical perspective, which sees the United States as having to play a creative role in world affairs, in some ways similar to the role that the United States played following 1945. At that time, the United States in effect shaped a new international system, replacing the one that had collapsed during World War II. That new system then endured and worked reasonably well for the next quarter of a century or so. During much of that time, the basic concept that guided U. S. foreign policy was a combination of Atlanticism (primacy of the US-European link) and containment of the Soviet Union.

Faced in the early 70's with major world changes, the previous Republican Administration then developed a foreign policy focused primarily on a flexible balance of power, and on maneuver. It was also very pessimistic foreign policy, based on the notion that America had no permanent friends nor institutions on which it could rely, and that deeprooted trends were against us.

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Your policy, as recommended here, is different. It places emphasis not so much on maneuver, but on building new structures -- new relationships with friends, with adversaries, with the developing world, even with the whole world -- that we hope will have a measure of permanence. It is, therefore, an optimistic policy -- we hope to build a better world -- not simply survive in a hostile one. It is a policy of constructive global engagement.

Its fundamental premise is that the U. S. needs to play today a role as constructive as the one it played after World War II, but in a vastly changed context.

The U. S. has to help in the shaping of a new international system that cannot be confined to the developed countries but must involve increasingly the entire international community of more than 150 nation states. Unlike the years 1945-50, this calls not for American dictation but for more subtle inspiration and cooperative leadership on a much wider front. The international community, in addition to the traditional dilemmas of war and peace, now confronts global problems never before faced by mankind.

The need thus is not for a new anti-communist coalition, nor for an updated Atlanticism, nor for a policy focused only on the new nations, and certainly not for protectionism and isolationism. Rather, it requires a broad architectural process for an unstable world organized almost entirely on the principle of national sovereignty and yet increasingly interdependent socially and economically. In that process of widening cooperation, our relationships will have to involve varying degrees of intimacy:

1. With our closest friends in the industrial world -- countries which share our values, have political systems similar to ours, and which because of their wealth have a special burden of responsibility to the rest of mankind -- we will seek to deepen our collaboration;
2. With the emerging states, we will seek to develop close bilateral relations in some key cases, and to widen and to institutionalize arrangements for more genuine global cooperation;

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3. With states with which we compete militarily and ideologically, we will seek through appropriate arrangements to reduce the chances of war and to codify more precise rules of reciprocal restraint.



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## II. TEN CENTRAL OBJECTIVES

With that basic concept as our point of departure, and in keeping with it, it is recommended that your foreign policy seek to attain during the coming four years these central ten goals (developed more specifically in the third part of this document):

1. To engage Western Europe, Japan and other advanced democracies in closer political cooperation through the increasing institutionalization of consultative relationships, and to promote wider macro-economic coordination pointing towards a stable and open monetary and trade system. Genuine collaboration with these states is the foundation stone of U.S. policy, and we must seek to intensify and to multiply our consultative links;

2. To weave a worldwide web of bilateral, political and, where appropriate, economic cooperation with the new emerging regional "influentials" -- thereby widening, in keeping with new historical circumstances, our earlier reliance on Atlanticism or, more lately, on trilateralism. These regional influentials include Venezuela, Brazil, Nigeria, Saudi Arabia, Iran, India, Indonesia, in addition to our more traditional friends;

3. To exploit the foregoing in the development of more accommodating North-South relations, both political and economic, through such devices as the Global Development Budget, the institutionalization of CIEC, the shaping of links between OECD and OPEC, etc.;

4. To push U.S. -Soviet strategic arms limitation talks into strategic arms reduction talks, using the foregoing as an entering wedge for a more stable U.S. -Soviet relationship. At the same time, we should seek to rebuff Soviet incursions, both by supporting our friends and by ameliorating the sources of conflict which the Soviets exploit. We should match Soviet ideological expansion by a more affirmative American posture on global human rights, while seeking consistently to make detente both more comprehensive and more reciprocal;

5. To normalize U.S. -Chinese relations in order to preserve the U.S. -Chinese relationship as a major stabilizing factor in the global power balance, offsetting Soviet conventional superiority and preventing the Soviet Union from concentrating its resources on a westward (Europe) or southward (Middle East, Africa) expansionary drive;

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6. To obtain a comprehensive Middle Eastern settlement, without which the further radicalization of the Arab world and the reentry of the Soviet Union into the Middle East cannot for long be avoided, generating in turn serious consequences for Western Europe, Japan, and the United States;

7. To set in motion a progressive and peaceful transformation of South Africa towards a biracial democracy and to forge -- in connection with this process -- a coalition of moderate black African leaders in order to stem continental radicalization and to eliminate the Soviet-Cuban presence from the continent;

8. To restrict the level of global armaments through international agreements limiting the excessive flow of arms into the Third World (though with some consideration for goal No. 2), cooperative international restraints on nuclear proliferation, and a comprehensive test ban on nuclear testing;

9. To enhance global sensitivity to human rights through actions designed to highlight U.S. observance of such rights and through multilateral and bilateral initiatives meant to influence other governments to give higher priority to such human rights;

10. To maintain a defense posture capable of deterring the Soviet Union both on the strategic and conventional levels from hostile acts and from political pressure. This will require the U.S. to modernize, rationalize, and reconceptualize its defense posture in keeping with the broad changes in world affairs that have already been noted, to improve NATO military strength and readiness, and to develop capabilities to deter or to counter Soviet military intervention in the Third World.

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It should be noted in connection with these broad objectives that the promotion of human rights is a goal that cross-cuts our relations with the Soviet Union, the developing countries, and particularly the new regional influentials. In all these cases, our leverage should be used discreetly to advance human rights but no specific targets can be prescribed precisely.

Moreover, the point to stress is that human rights is a broad concept. These two words should mean much more than political liberty, the right to vote, and protection against arbitrary governmental action. Human rights, and this we should stress, means also certain basic minimum standards of social and economic existence. In effect, human rights refers to all three (political, social, and economic) and this is why these words have such universal appeal.

Such a broader, and more flexible definition would have several advantages: it would retain for us the desirable identification with a human cause whose time has come, and yet it would avoid some of the rigidities that are potential in the narrower political definition. It would give us the freedom to point at the most glaring abuses (e.g., political suppression in some countries, or total social indifference in others), though leaving us the necessary margin of flexibility in dealing with most governments. In general, we should stress that achieving human rights is a process and that we are watching carefully progress toward greater respect for human rights, realizing that there is no single standard for all the countries of the world.

The ten central objectives are refined and time-targeted in the pages which now follow. If approved by you, all of the specific as well as broader objectives will become, at appropriate times, the subject of action directives from you, requiring the pertinent department to submit more detailed studies and proposals for implementation.

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### III. CENTRAL OBJECTIVES AND SPECIFIC STEPS

#### 1. RELATIONS WITH ADVANCED INDUSTRIAL DEMOCRACIES

Central Objective: To engage Western Europe, Japan, and other advanced democracies in close political cooperation and wider macro-economic coordination through the increasing institutionalization of consultative relationships. The purpose of this closer relationship is to create a more stable and dynamic international economy, to be able to pursue a more comprehensive detente while maintaining our security and to enlist the other industrialized nations in meeting our objective on global and north-south issues.

A. Political Coordination. Improve coordination among the governments of the advanced industrial democracies by strengthening existing mechanisms and adding some new ones.

(1) Upgrade OECD by strengthening its staff and informally charging it with following up on agreements made at Western Summits (1977-78).

(2) Strengthen U.S. representation at the European Community, including, among other things, appointing a senior Administration figure as Ambassador (1977).

(3) Seek to regularize summits, with EC representing smaller countries (1978).

(4) Create standing secretariat and other coordinating consultative mechanisms for above, including a joint political staff of senior officials representing heads of governments to oversee the consultative process (1979).

B. Cooperation with Europe. Improve U.S. -European cooperation and expand European involvement in NATO.

(1) Improve U.S. -European political cooperation.

a. Express understanding for EC's difficulty in coming to political agreement, especially on non-North Atlantic questions (1977).

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- b. Support European unity and expansion of EC to include Portugal and Spain, while recognizing that especially the latter may adversely affect U.S. economic (agricultural) interests. (Expressions of support, 1977).

(2) Expand and diversify involvement of European countries in NATO.

- a. Reach agreement on Spanish entry into NATO as full or associate member (1978-79).
- b. Reintegrate Greece into NATO command structure (1978).
- c. Make progress on structures for accommodating NATO needs to uncertain politics in Italy and other countries. For instance: members or potential members might be permitted to choose different levels of participation, ranging from general commitment to the goals of NATO but without any explicit commitment to fight, to full integration in NATO command structures and standardization arrangements. There might also be varying levels of participation, tacit or formal, across different functions, based on the model of Portugal and NPG (1978).
- d. Review U.S. weapons production schedule to establish areas where U.S. purchases in Europe are feasible (1977-78), and develop a NATO review of post-1985 weapons obsolescence with standardization and mutual purchases in mind (1979). (See Sec. 9-C-(3).)

(3) Improve coordination of Western economic policies towards the Soviet Union and East Europe.

- a. Improve exchange of information among the industrialized democracies about East-West economic developments.

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1. Continue ongoing work within the OECD and NATO on East-West economic issues to establish a factual basis for possible diplomatic initiatives at a later date. Propose in the OECD an exchange of information on credit extension and participation by Western firms in large-scale industrial projects in the USSR and East Europe (1977).
- b. Seek to reach agreement among the Western industrialized countries on the appropriate use of economic leverage on the East (1978).
- c. Reduce harmful competition among Western leaders in their financial dealings with the East.
  1. Extend the present "Gentlemen's Agreement" on credit terms (1977).
  2. Seek an informal understanding on the overall volume of credits extended to the East (1979).
- d. Develop contingency planning on possible use of economic policy tools for non-economic objectives (e.g., in the event of Soviet pressure on Yugoslavia) (1978).

(4) Achieve a peaceful resolution of the outstanding issues concerning Cyprus and the Aegean between Greece and Turkey (1977-78).

C. Cooperation with Japan. Establish more effective mechanisms for U.S. -Japanese cooperation on matters of mutual interest and involve Japan in more active collaboration with the U.S. in dealing with global problems.

(1) Establish joint U.S. -Japanese consultative nuclear planning group to explore means for cooperation in developing safer, more efficient, and cheaper nuclear technologies that can be applied worldwide on a non-discriminatory basis (late 1977).

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(2) Deepen U.S. -Japan consultation and coordination on military matters, particularly in connection with naval defense (1978).

(3) Engage Japan in efforts to convene a multilateral conference (including PRC, North Korea, South Korea) to work out a formal peace agreement for the Korean peninsula, including mutual diplomatic recognition of all parties (1979).

(4) Encourage Japan to indicate to Peking that Tokyo has an interest in a peaceful evolution of Peking-Taipei relations (i. e., nudge Japan to share the burden for the maintenance of the island) (1978).

(5) Encourage Japan (in collaboration with other developed Pacific Basin countries) to play a more active role in support of ASEAN (1978).

(6) Encourage quiet security consultations between Japan, Indonesia, and Australia (1978).

(7) Consult with and cooperate closely with Japan in working out multilateral solutions to global problems (monetary reform, MTN, law of the sea, North-South dialogue) (1978).

(8) Induce Japan to provide stronger economic and political support for U.S. efforts to achieve Middle Eastern settlement, to promote progressive political change in South Africa, and to strengthen weaker OECD economies (e. g., support for Portuguese consortium) (1977).

D. Economic Coordination. Develop improved coordination among the industrialized democracies on domestic economic policies and balance of payments issues.

(1) Develop an agreed international consultative process for: identifying reasonable growth and inflation objectives for major industrialized nations; identifying balance of payments implications of growth and inflation projections; monitoring the progress of nations towards economic goals and suggesting policy adjustments; suggesting adjustment measures to reduce payments imbalances.

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- a. Use the Summit to underline the importance of such consultations and coordination (1977).
- b. Improve OECD (particularly its Economic Policy Committee and Working Party Three) consultative process and establish a framework within which appropriate growth and inflation targets can be identified, progress monitored, payments implications assessed, and suggested change provided (1977).
- c. Use such mechanisms as are established to develop agreements on a code of international economic coordination (1978).

(2) Hold regularized meetings at Ministerial level to review major issues arising from these processes and develop agreed set of rules for economic coordination (1978- ).

E. Recovery. Achieve sustained non-inflationary growth in the United States and other industrialized democracies with growth rates averaging over 5% and inflation rates below 5%.

(1) Achieve relatively high growth rates (averaging 6% in the U.S., Japan, and Germany without triggering new inflationary pressures (1977- ).

(2) Promote stabilization measures in weaker OECD economies in order to reduce or eliminate current account deficits, reduce inflation, induce new investments, and create productive new jobs (1977- ).

(3) Insure continued strong growth among the Big Three economies (1978).

(4) Provide additional stimulus for the weaker economies which achieved stabilization in 1977 (1978).

(5) Maintain overall 5% rate of growth through 1980 without new inflationary pressures (1978-80).

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F. Finance. Insure availability of adequate financial resources to support countries attempting to stabilize their economies in conformity with internationally agreed conditions.

(1) Make additional financial support available to the industrialized democracies to support their stabilization efforts through the IMF or through multilateral assistance with participation of OPEC nations. Also increase the pool of contingent resources available to the IMF to back up its conditions (e.g., an expanded General Arrangements to Borrow).

- a. Secure agreement on details of IMF resource expansion (1977).
- b. Discuss the types of conditions which should be required by the IMF for financial assistance, e.g., should conditions be loosened in recognition of the long-term nature of the structural imbalances resulting from high oil prices (1977).
- c. Develop arrangements to include the Saudis and other OPEC countries in expanded IMF arrangements (1977).
- d. Secure final agreement on expanded IMF arrangements (1978).

G. Investment. Increase stability of international economic system by establishing an international agreement setting out rules or understandings on government treatment of transnational investment.

(1) Conclude agreement on rules governing international investment, similar to the GATT on trade.

- a. Explore first with developed and then developing countries concept of a "GATT for investment," agreeing on framework for negotiations (1977).
- b. Begin negotiation of agreement; develop schedule for completion (1978).
- c. Conclude agreement (1979).

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H. Trade. Secure a more open trading system based on rules and understandings which govern the degree and character of government intervention in international trade and establish orderly processes for settling disputes.

(1) Successfully complete multilateral trade negotiations so as to produce a liberalized international trading system with lower tariff barriers, reduced non-tariff barriers, and improved dispute settlement mechanisms.

- a. Launch major U.S. effort to regenerate interest in the negotiations (early 1977).
- b. Launch major effort within U.S. and among our trading partners to resist use of trade restrictive measures (early 1977).
- c. Initiate prompt consultations with major participants in MTN, primarily bilaterally, to reach consensus on objectives for the negotiations and the best means of attaining them (early 1977).
- d. Achieve agreement in principle on: (1) how to deal with agriculture; (2) a subsidy/countervailing duty code; (3) rules to reduce and regulate imposition of new non-tariff barriers (late 1977-1978).
- e. Make substantial progress toward agreement on a tariff cutting formula and exceptions (late 1977).
- f. Achieve agreement on special treatment of developing country exports (late 1977).
- g. Hold ministerial meeting to identify priorities, establish political level consensus on objectives and lay basis for final agreement in 1978 (late 1977).
- h. Achieve final agreement on all the above points (early 1978).
- i. Secure ratification of agreement by Congress and other parliaments (1978-1979).

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## 2. RELATIONS WITH EMERGING REGIONAL "INFLUENTIALS"

Central Objective: To weave a world-wide web of bilateral political and, where appropriate, economic cooperation with the new emerging regional "influentials." (It should be noted that many of our general policies - e.g., proliferation, arms transfers, human rights - run counter to the interests of these states. Given the importance of these countries, consequently, special efforts should be made to improve U.S. relations with them. Certain general steps and specific steps for individual countries follow.)

### A. General Steps

(1) Make intensive efforts to consult with the governments of these countries on critical issues, particularly with a view to developing parallel or similar positions in multilateral negotiations on global or regional issues.

(2) Undertake symbolic acts, such as high-level exchange of visits.--Presidential letters, visits by members of the President's family, which will appeal to the sense which these governments have of the rising importance of their countries. (The "style" and "tone" of U.S. attitudes and actions is critical for all these countries.)

(3) Refrain from taking actions on issues which these governments view as absolutely critical and which would totally sour relations with these governments (e.g., India and arms sales to Pakistan; Nigeria and race relations in South Africa).

(4) Exploit the general desire of these countries to benefit from U.S. advanced technology (e.g., almost all of them are interested in use of satellites for the improved domestic communication (TV) essential to the integration of their societies).

### B. Venezuela

(1) Secure repeal of exclusionary legislation so as to make Venezuela eligible for GSP (1977).

(2) Arrange exchange of Presidential visits (1977-78).

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(3) Create means (e. g., governmental corporation) for joint U. S. - Venezuelan development of technology necessary exploitation of Orinoco tarbelt (1978-79).

(4) Involve Venezuela in development of a comprehensive Caribbean Development Plan (1977-80).

C. Brazil

(1) Promote negotiations on the international sugar agreement (1977), and consultations on peaceful nuclear energy cooperation (1977-78).

(2) Initiate process leading to resumption of military cooperation with Brazil (1978).

(3) Make available space satellites for domestic communications, weather forecasting, and geological surveys (1978).

(4) Work with Brazil in developing proposals for handling debt problem through purchase by banks of World Bank and IMF stock (1977- ).

(5) Work with Brazil in developing rules on export subsidies, countervailing duties, and expansion of coverage of GSP (particularly to sugar) in MTN negotiations (1977).

(6) Seek direct contact between the two Presidents (1978).

(7) Seek to develop U. S. -Brazilian cooperation regarding Southwestern Africa and Southern Atlantic (1979).

(8) Develop contacts with full spectrum of Brazilian politics as a hedge against the decline of the military government.

D. Nigeria

(1) Assure Nigeria that it will receive at least if not more than parity treatment with South Africa in receiving nuclear technology and fuels (short of getting its own fuel cycle) (1977).

(2) Assuming general limits are established on overall arms transfers, assure Nigeria that U. S. will approve for transfer to

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Nigeria any weapons approved for transfer to other African states (i. e., Most Favored Nation status on arms transfers) (1977).

(3) Explore with Nigerians their needs for transport aircraft in order to play a broader role as a stabilizing force in Africa (1977).

(4) Advise Nigerians on communications equipment which they will need and approve the sale of such equipment to them (1977-78).

(5) Consult with Nigeria on U.S. policy with respect to South Africa and actively involve them in efforts to promote peaceful and progressive transformation of South African society (1977- ).

(6) Consult with Nigeria on human rights problems in Africa, recognizing U.S. will have to speak out on deportations and political prisoners in South Africa before it can get Nigerian cooperation in dealing with Amin, and other black African violations of human rights (1977- ).

(7) In light of expressed Nigerian desire to play a more active role in OAU, have prior consultations with Nigeria before U.S. attempts to act through OAU (1977- ).

#### E. Saudi Arabia

(1) Continue efforts to bring Saudi Arabia into the international system as a more responsive participant and increase its vested interest in economic and political stability including a more prominent role in IMF, etc.

(2) Welcome and support Saudi proposal for an "Arab Marshall Plan" financed by Saudi capital and using U.S. technology, aiming for early institutionalization of this idea, even before a peace settlement (1977-78).

(3) Actively participate with Saudis in large-scale development projects in Egypt and Sudan (1978-79).

(4) Initiate discussions with Saudis of a possible institutionalized relation between OPEC and OECD (1977-78).

(5) Support the Saudis in their search for stability in the Horn of Africa (1977-78).

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(6) Encourage increased oil production by Saudi Arabia, along with Saudi agreement to resist oil price increases and oil embargoes (1977- ).

(7) Arrange for special Saudi role in Jerusalem after the settlement (1979).

F. Iran

(1) Arrange an exchange of high-level visits, beginning with an invitation to the Shah to visit U.S. late this year (1977-78).

(2) Develop mechanisms for continuing consultation with Iran on matters relating to Persian Gulf and Indian Ocean security (1977).

(3) Be prepared to play a mediating and moderating role in future Iranian-Arab tensions in the Persian Gulf (1977- ).

(4) Encourage Iran to assume a stabilizing role regarding the security of Pakistan and Afghanistan (1978-79).

G. India

(1) Express quietly U.S. pleasure at recent developments in India and invite Desai to visit U.S. later this year (1977).

(2) Avoid military sales to Pakistan (particularly A-7's), which would undermine all other efforts to improve relations. (Indians would prefer to see Pakistan move down the nuclear road than acquire substantial numbers of sophisticated conventional weapons.) (1977).

(3) Expand support for multilateral aid efforts to India (World Bank and IDA) and restore limited bilateral aid for agricultural development (1977-78).

(4) Be responsive to the Indian shift to export-oriented growth policy for access of Indian goods to U.S. market (1978- ).

(5) Consult with India on U.S. efforts to reduce foreign military presence in the Indian Ocean (1977- ).

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(6) Complete negotiations on U.S. cooperation with India with respect to nuclear energy matters (1977).

(7) Make available to India satellite technology for domestic communication purposes (1978- ).

#### H. Indonesia

(1) Inform Indonesians of progress towards normalization of relations with Vietnam and reassure Indonesia that U.S. policies will not contribute to any future threat to Indonesia from Vietnam and do not involve withdrawal of U.S. from Western Pacific (1977).

(2) Improve the efficiency, sensitivity, and responsiveness in the administration of U.S. aid programs (which, apparently, have been very heavy-handed in comparison to those of the Europeans and Japanese) (1977-78).

(3) Authorize \$100 million FMS credits for purchase of a squadron of F-5's and approve equipment transfers for Indonesian navy (Soviet equipment of Indonesian navy and air force is now totally obsolescent, and, given Vietnamese military affluence, Indonesians feel acute need to reconstitute their forces) (1977).

(4) Temper criticism of Indonesians on human rights grounds, since their record in recent years is not all that bad and infinitely superior to that of the Vietnamese (1977).

(5) Secure repeal of exclusionary amendment so as to make Indonesia eligible for GSP (1978).

(6) Encourage quietly Indonesian-Australian-Japanese security consultations (1978).

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### 3. NORTH-SOUTH RELATIONS

Central Objective: To develop more accommodating North-South relations, both political and economic, especially through the creation of new institutional arrangements. The purpose would be to develop greater economic stability and growth, diminish Soviet influence and increase the stake these nations have in good relations with the north/west.

#### A. Political Relations

(1) Regain a position of credibility with and access to nations of the "South" so as to create a favorable atmosphere for achievement of specific goals with respect to such issues as investment, political alignment, military overflight rights, human rights.

- a. Devise and announce a broad new North-South policy. (PRM 8, Second Track study is now under way; a Presidential statement should be made by September 1977.)
- b. Seek to implement the North-South economic strategy (ongoing).
- c. To the maximum extent compatible with U.S. interests, ensure that LDC's have an acceptable role in international decision-making on political and economic matters.
- d. As a general rule, consult with LDC's on issues that are of any significance to them. Even when we are not willing to grant them a role in decision-making (e.g., SALT) ensure that they are informed -- not only as a sop to their ego but in the hope that we can mobilize international opinion in support of our positions.

(2) Educate American opinion on North-South relations.

- a. In connection with Presidential announcement of new policy, deploy all relevant resources of the government public affairs systems over the period late 1977-1979 to this end.

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- b. Intensify Congressional consultations on North-South issues.

(3) Remove the Third World from U.S. -Soviet rivalry.

- a. If there is a 1977 Summit, seek a restatement of the Moscow Declaration provision not to seek unilateral advantages in third areas, underpinning this with closely negotiated understandings.
- b. Ensure that our own statements and actions do not unnecessarily define Third World issues in U.S. -Soviet terms.
- c. Negotiate arms supply restraint agreements with the Soviets (1978).
- d. Seek means of engaging the USSR cooperatively in dealing with economic development and other issues of global concern.

(4) Reduce threats to world peace (including nuclear proliferation) originating in the South.

- a. While most problems can be handled only on a case-by-case basis, improve general consultation mechanisms.
- b. Wherever possible, promote and work in close consultation with regional organizations in Asia, Africa, and Latin America.

B. Economic Relations

(1) Complete multilateral trade negotiations so as to produce a liberalized international trading system with lower tariff barriers, reduced non-tariff barriers, and improved dispute settlement mechanisms. (See Sec. 1.H.(1), above).

(2) Expand U.S. multilateral and bilateral aid and promote substantially increased OPEC contributions to development efforts with a bold development program to identify the role of donors and recipients and to encourage additional help to the LDC's.

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- a. Fulfill present U.S. commitments to World Bank, IDA, and Inter-American Development Bank and contribute substantially to African Development Fund (1977-78).
- b. Announce U.S. support for a global program to coordinate foreign assistance, such as a World Development Budget (1977).
- c. Call for immediate consideration of a general increase in the financial resources of the World Bank and other major lending institutions to meet capital needs into the mid-1980's, on the understanding LDC's will be cooperative on other issues (1977).
- d. Continue to reduce U.S. bilateral development assistance to all but the poorest Asian, African, and Latin American countries (1977- ).

(3) Create an enlarged compensatory finance mechanism to offset export shortfalls.

- a. Hold discussions with IMF to determine appropriateness of an improved compensatory finance mechanism (1977).
- b. Secure agreement on expanded compensatory finance mechanism (1978).

(4) Negotiate price stabilization arrangements for those few commodities for which these are both appropriate and cost efficient and establish a common funding arrangement to finance them.

- a. Examine individual commodities to determine how best to improve marketing arrangements and to identify those for which price stabilization mechanisms might be appropriate (1977).
- b. Secure agreement on a larger number of commodity arrangements and their funding (1978).

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- (5) Establish an international food reserve arrangement to reduce price volatility.
  - a. Revive international food reserve scheme that is acceptable to U.S. farmers and attempt to reach final agreement while food prices are generally low and surpluses are available (1977).
  - b. Implement food reserve scheme (1978).
- (6) Strengthen LDC representation in international institutions where appropriate and feasible.
- (7) As a CIEC follow-on, create an improved mechanism of manageable size for continued discussion of evolving and new issues of concern to the developed and developing countries, perhaps with rotating membership.

C. Relations with Specific Countries

- (1) Negotiate and ratify new Panama Canal Treaty.
  - a. Undertake an active campaign to persuade the American public of the urgency of a new treaty while at the same time enlisting the support and participation of Congress (1977).
  - b. Negotiate a treaty (1977).
  - c. Secure Congressional ratification and endorsement of treaty (1978).
- (2) Normalize relations with Cuba (to reduce Soviet dependence).
  - a. Issue statement that U.S. will not tolerate terrorist attacks launched from the U.S. against a neighboring country (1977).
  - b. By informal gestures, indicate to Cuba U.S. willingness to begin a gradual and reciprocal process of normalizing relations provided that Cuba begins withdrawing its troops from Angola,

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ceases the training of forces to overthrow legitimate African governments, and that Castro makes a public statement comparable to the President's on terrorism, that Cuba will respect the decisions on self-determination of countries or states in the Caribbean, including Puerto Rico (1977).

- c. If there is an appropriate response from the Cubans, invite the Cubans to begin wide-ranging talks on the issues that currently separate the two countries and appoint a high-level ambassador (1978) to head the U.S. delegation.

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4. RELATIONS WITH THE SOVIET UNION AND ITS ALLIES

Central Objective: To push strategic arms limitation talks into strategic arms reduction talks in order to create a more stable U.S. -S. U. relationship, while countering Soviet regional and ideological expansion, providing incentives for cooperative Soviet behavior with regard to global issues, and encouraging internal liberalization and in Eastern Europe also measured independence from the Soviet Union.

Our basic goal must be to make detente both more comprehensive and reciprocal.

A. Arms Control. Negotiate agreements which assure the security of the U.S. and its allies, reduce the probability of war, and lessen the burden of armaments.

(1) Negotiate satisfactory agreements with the Soviet Union for the limitation and reduction of strategic arms.

a. Complete SALT II (1977 or early 1978).

b. Begin SART or SALT III (1978).

c. Complete SART (1979-1980).

(2) Achieve satisfactory agreements with the Soviet Union and other parties on mutual and balanced force reductions in Europe which lead to: (a) approximate parity in ground forces; (b) collective rather than national limits; and (c) substantial Soviet reductions.

a. Complete MBFR Phase I on Soviet and American reduction (1978).

b. Begin MBFR Phase II (1978).

c. Complete MBFR Phase II (1980).

(3) Achieve mutually-agreed limitations on military activity in the Indian Ocean.

a. Initiate discussions of military restraints in Indian Ocean (1977).

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b. Achieve negotiated agreement on Indian Ocean military activity (1978).

(4) Achieve agreement on civil defense so as to freeze activities on both sides and thus to reduce the uncertainties which civil defense introduces into the strategic balance (1979).

(5) Initiate annual consultative U. S. -Soviet summit unrelated to negotiations (1977).

B. Political Approach and Economic Issues. Encourage liberalization and, in Eastern Europe, measured independence from the Soviet Union, through political incentives, selective expansion of East-West trade, and involvement of communist states in the global economic system.

(1) Provide incentives for those Eastern European states that are somewhat liberal internally or somewhat independent of the Soviet Union.

a. Continue preferential treatment of Romania and Poland, as 2a below.

(2) Expand and improve East-West economic relations.

a. Remove or suspend legislative constraints (Jackson-Vanik and Stevenson amendments) on trade with the East in order to obtain the use of trade leverage (1977).

b. Begin negotiations of a claims settlement with Czechoslovakia and GDR (1978).

c. Negotiate bond-holders' settlement with Czechoslovakia, Bulgaria, and GDR (1978).

d. Seek amendment to Johnson Act limitation on financial transaction with the East (1978).

(3) Provide opportunities for Eastern European states to associate, at whatever levels they desire, with Western economic and political institutions.

a. Encourage Western financial institutions to extend financial help to Poland (1977-78).

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(4) Involve Soviet Union in cooperative approaches to global economic problems.

- a. Arrange Soviet participation in global food reserves plan (1978).
- b. Involve the Soviet Union in multilateral cooperation designed to restrain nuclear proliferation and processing (1978).

C. Social Issues. Promote evolution of social attitudes in the Soviet Union and Eastern Europe through emphasis on commitments made at Helsinki, through radio broadcasts (RFE-RL) and the public insistence on the importance of human rights.

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5. RELATIONS WITH CHINA

Central Objective: To normalize relations with China.

- (1) Initiate talks with the PRC while reducing further U.S. military presence in Taiwan and possibly downgrade diplomatic representation (1977).
- (2) Complete U.S. - PRC claims negotiations (1977).
- (3) Develop substitutes for the defense treaty and for formal diplomatic relations for maintaining adequate economic, cultural, and security ties with Taiwan (1978) and restore inevitable short-term loss of confidence over Taiwan's future after recognition of Peking.
- (4) Facilitate Chinese acquisition of non-defense and possibly even defense-oriented Western technology (1978).
- (5) Establish full diplomatic relations with Peking on terms which provide at least tacit assurance that the relationship between Peking and Taiwan will evolve peacefully (1979).
- (6) Host a visit to Washington by China's leading political figure at the time of or soon after recognition (1979), preceded by a visit to China by Secretary of State (1977).
- (7) Sign trade and cultural agreements with PRC and expand cultural and trade ties with PRC (1979).

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6. THE MIDDLE EAST

Central Objective: To obtain a comprehensive Middle Eastern settlement.

A. The Arab-Israeli Conflict. Achieve Israeli and Arab agreement to an overall plan for the peaceful resolution of their differences over a period of time.

- (1) Establish a framework of Israeli-Arab negotiations (1977).
- (2) Secure agreement of all parties to set of basic principles, which will govern the settlement, and deal with the nature of peace, withdrawal and the establishment of final borders, security arrangements, the Palestinians, and the implementation of an agreement in phases (1977).
- (3) Help negotiate agreement on specific trade-offs (1977-78).
- (4) Initiate U.S. -Palestinian contacts (1977) in order to promote a moderate Palestinian settlement, possibly involving a Jordanian-Palestinian confederation (1978-80).
- (5) Assure Israel of a continuing high level of arms supplies and/or a U.S. guarantee or defense pact in order to secure Israeli acquiescence in the negotiating process (1978-80).
- (6) Keep the Soviet Union on the margins of the substantive negotiations, except for their using their influence to secure PLO adherence to UN Resolutions 242 and 338 and to moderate Iraqi and Libyan opposition (1977-79).

B. Trade and Development

- (1) Expand U.S. technological assistance and encourage private sector contributions to Middle Eastern economic development.
  - a. Revitalize bilateral economic relations (including the existing joint commissions) with Egypt, Saudi Arabia, and Iran.
- (2) Expand the favorable climate for commercial exchange with Iraq, with the objective of reestablishing diplomatic relations by 1978.

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C. The Persian Gulf. Preserve our present advantage in the Gulf while developing policies to cope with foreseeable problems of the 1980s.

(1) Encourage development of closer cooperation and coordination among Gulf nations on political, economic, and security matters (1977-78).

(2) Develop a more direct dialogue with the smaller Gulf Skeikhdoms (including occasional visits by high-level Administration officials) (1977-78).

(3) See Iran and Saudi Arabia in Sec. 2 and Iraq in Sec. 3.

(4) Expand our military presence in the Gulf if Indian Ocean talks do not make progress.

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7. AFRICA

Central Objective: To set in motion a progressive and peaceful transformation of South Africa towards a biracial democracy, and to forge a coalition of moderate African countries.

A. South Africa

- (1) Promote transition to majority rule in Zimbabwe.
  - a. Convene Constitutional Conference in mid-1977.  
(This assumes the success of Owen's mission. If it fails, a different scenario will have to be established.)
  - b. Agree on Constitution and secure South African support (1977).
  - c. Bring pressure on Smith to yield power (ongoing).
  - d. Participate as needed (but short of armed force) in the mechanics of transition (1977-78); simultaneously launch Zimbabwe Development Fund.
  - e. See new government installed by 1978. Support with economic and military assistance as necessary.
- (2) Promote independence for Namibia under Majority Rule.
  - a. Bring pressure on RSA to agree to elections that go beyond the Turnhalle formula and include SWAPO; have parallel pressure applied to SWAPO. This should be done before July 1977.
  - b. Hold elections (1978).
  - c. Monitor and participate in transition mechanics, primarily through the UN (1978-79).
- (3) Set in motion substantial domestic change in South Africa (covered by the State Department response to PD/NSC-5).
  - a. Secure satisfactory UNSC Declaration on Apartheid (April 1977).

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- b. Convey U.S. views to South Africa at a high level (May 1977).
- c. If no satisfactory progress is made, vote in favor of Chapter VII sanctions (Fall 1977).
- d. Keep up broad range of pressure so that by 1980 there is marked progress in dismantling apartheid, creating equal economic opportunity, development of a fair electoral system, and abandonment or radical restructuring of the homelands concept.
- e. If, by 1978/79, there is no clear indication of progress in the areas listed in (4) above, deploy full range of economic sanctions against RSA; if possible, however, this should be delayed until the Zimbabwe and Namibia situation are settled.

B. Communist State Presence. Minimize Soviet, Cuban and Chinese involvement in African security affairs.

(1) Seek negotiated agreement between arms supplier nations and African states limiting arms supply (1978).

(2) If possible, withdraw in parallel with the Soviets completely from the arms sales business in Africa (1978-79).

(3) Convey to all African states (except for Equatorial Guinea and Uganda on human rights grounds) that we have no concern over their domestic political arrangements or external alignments as long as the latter are peaceful. In short, we threaten nobody; hence, there is no need for anybody to look for an outside protector (ongoing).

(4) If necessary, and if South Africa is cooperative (A. 3 above), seek to forge a coalition of moderate African states to resist foreign and radical aspirations, perhaps under Nigerian-Moroccan-Egyptian leadership (1978).

(5) Encourage our European allies to take the leading roles in opposing the Soviets and Cubans while trying to normalize our relations with all states and offering economic cooperation.

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8. ARMS CONTROL

Central Objective: To limit the level of global armaments through restrictions on arms transfers and nuclear proliferation and achievement of a comprehensive test ban.

A. Conventional Arms Transfers. Restrict U. S. arms transfers and act to secure agreements among suppliers and among recipients on limits on conventional arms transfers.

(1) Develop interagency procedures to implement restraint-oriented policy guidelines in a comprehensive manner (1977).

(2) Secure passage of a comprehensive Arms Export Control Act, integrating applicable sections of the Foreign Assistance Act and the Mutual Security Assistance Act (1978).

(3) Implement policy guidelines designed to moderate the overseas sales efforts of U. S. weapons-manufacturers (1978-).

(4) Adopt the principle (1977) that the United States will not be the first supplier to introduce into a region an advanced weapons system which creates a new or significantly higher combat capability, followed by multilateral agreement among other suppliers to observe this principle (1978).

(5) Prohibit commitment for sale of advanced weapons systems until the systems are operationally deployed with U. S. forces (1977).

(6) Implement strict guidelines controlling coproduction agreements and development of weapons solely for export (1977).

(7) Establish classification system to differentiate weapons and weapons-related items from those which can be clearly identified as non-military items and services (1977).

(8) Reduce by fifteen percent in dollar volume (in constant FY 76 dollars) transfers of weapons and weapons-related items from the FY 76 total, exempting transfers to NATO countries, Australia, New Zealand, and Japan (by 1980).

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(9) Establish a suppliers' group, including the Soviet Union, France, Great Britain, and West Germany, which would seek restraint in arms transfers by agreeing to limit the number and type of weapons transferred, globally and regionally.

- a. Achieve initial agreements focussed on sophisticated aircraft (1978).
- b. Achieve a freeze on Middle East armament levels and limits on both the number and degree of sophistication of aircraft sold in Latin America and Africa (1980).

(10) Promote development of regional agreements among recipient countries to reduce arms purchases. In concert with efforts of the suppliers' group, achieve: 1) arms limitation provisions as a key feature of an overall Middle East settlement; 2) implementation of the eight-country South American agreement to limit the acquisition of offensive arms; and 3) establishment of three subregional agreements in Africa -- West Coast, Southern Africa, and the Horn (1980).

B. Nuclear Proliferation. Redirect the world's planned nuclear fuel cycles away from those -- such as the liquid metal fast breeder reactor and plutonium reprocessing -- which provide direct access to weapons-usable material, toward new, alternative technologies which do not.

(1) Promote more effective cooperation among supplier nations to restrict the export of nuclear facilities which could be used for weapons purposes.

- a. Defer the planned construction of enrichment and reprocessing plants in Pakistan and Brazil (1977).
- b. Preserve the London Suppliers Group as a "suppliers-only" forum in which the nuclear exporters can jointly agree on strong non-proliferation guidelines (1977).
- c. Establish a global moratorium on further exports of enrichment and reprocessing plants and other highly sensitive technologies (1977).

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- d. Secure unanimous supplier agreement requiring explicit commitment to full scope safeguards by all recipient states (or NPT adherence) and similarly joint agreement on stiff sanctions against any violation of nuclear agreements (1978).

(2) Secure the agreement of both suppliers and recipients on the sufficiency of uranium resources to meet the world's needs until 2000, the consequent lack of need for and economic unjustifiability of reprocessing, and the desirability of promoting alternative technologies.

- a. Establish and operate an international fuel cycle evaluation program including both supplier and recipient nations to stimulate and support research and accelerated development of alternative non-sensitive nuclear technologies (1977-80).
- b. Create a U. S. program to provide technical aid and accelerated research in the various forms of storage of spent (non-reprocessed) fuel (1977).
- c. Create -- possibly through the international fuel cycle evaluation program -- an international forum in which recipient states can exercise some influence over the formation of global nuclear power policies (1978).
- d. Develop a global program of uranium resource assessment including both theoretical and physical studies, and involving all nations which participate in the international fuel cycle evaluation program and promote eventual agreement on a set of numbers covering both nuclear power supply and demand globally (1978).
- e. Establish unilateral U. S. (1977) and multilateral program (1979) to guarantee access to low enriched (nonsensitive) nuclear fuels through a variety of means, possibly including establishment of regional enrichment centers.

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(3) Increase the reliability and efficiency of existing procedures and technologies for utilizing uranium for nuclear energy purposes by, among other means, accelerating research and development efforts concerned with the current generation of fission reactors.

(4) Preserve and strengthen the Non-Proliferation Treaty and secure ratification (or equivalent commitments) from those key nations -- Brazil, Argentina, Egypt, Israel, South Africa, etc. -- which have not signed it (1977-).

C. Comprehensive Test Ban. Negotiate and ratify agreements to stop all nuclear testing.

(1) Ratify the TTB/PNE Treaties (1977).

(2) Seek to negotiate and ratify a bilateral CTB agreement with the Soviets (1977-78).

(3) Once agreement is reached with the Soviets and UK on key elements, complete negotiations on a multilateral basis in the CCD (1978-79), encouraging participation by France and China -- but not to the point of undermining our bilateral relationship.

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## 9. HUMAN RIGHTS

Central Objective: To enhance global sensitivity to human rights through actions designed to highlight U. S. observance of such rights and through multilateral and bilateral initiatives meant to influence other governments to give higher priority to human rights.

A. Multilateral Action. Promote cooperative action in support of human rights by strengthening international organizations concerned with human rights and by expanding U. S. participation in such organizations.

(1) Complete U. S. adherence to five major international human rights treaties.

- a. Sign and ratify the International Covenant on Economic and Social Rights (1977).
- b. Sign and ratify the International Covenant on Civil and Political Rights (1977).
- c. Ratify the International Genocide Convention (1977).
- d. Ratify the International Treaty on the Elimination of All Forms of Racial Discrimination (1977).
- e. Sign and ratify the American Convention on Human Rights (1977).

(2) Strengthen UN machinery for dealing with human rights issues.

- a. Promote greater activity (including more frequent meetings by the UN Human Rights Commission (1978).
- b. Transfer Human Rights Commission back to UN headquarters in New York (1978).
- c. Create the post of UN Commissioner for Human Rights (1978).
- d. Improve UN complaint procedures with respect to human rights (1978).

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(3) Strengthen the Inter-American machinery for dealing with human rights issues.

a. Provide additional financial and political support for the Inter-American Commission on Human Rights (1977).

b. Propose the establishment of an Inter-American Court on Human Rights (1978).

(4) Insist on full review of implementation of Basket III issues at the Belgrade conference and promote the establishment of more effective machinery to implement the Helsinki Final Act (1977-).

(5) Propose the acceptance (possibly by formal amendment of IFI charters) of appropriate human rights criteria to be considered by IFIs in weighing loan or grants (1978).

(6) Achieve an international agreement to preserve direct television broadcast from satellites without recipient country control over content (1980).

B. Bilateral Relations. By working through bilateral channels and using bilateral instruments, encourage other governments to observe fundamental human rights and support those governments which do.

(1) Continue to consider human rights criteria in making decisions on economic aid and arms transfers (1977-).

(2) Focus attention on the actions of regimes (e.g., Uganda, Cambodia) which grossly violate accepted international standards on human rights (1977-).

(3) Include human rights on the agenda with governments with which we are discussing normalizing of relations (e.g., Cuba, Vietnam) (1977).

(4) Attempt to resolve the Jackson/Vanik amendment impasse and thus improve the opportunity for emigration by Soviet Jews (1977).

(5) Act to achieve a progressive and peaceful transformation of South African society to biracial democracy. (See Sec. 7 A. (3) above.)

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C. Unilateral Action. Insure that U.S. actions are in accord with our human rights standards and provide support for the proponents of human rights abroad as well as those whose rights have been violated.

(1) Reform the McCarran Act concerning entry of Communists and others into the U.S., thereby bringing U.S. policy into accord with the Helsinki Final Act. (1977-78).

(2) Expand the refugee program to permit broader entry into the U.S. of those seeking refuge from repressive regimes of the right and left. (1977).

(3) Provide support (perhaps through an instrumentality comparable to the Inter-American Foundation) to U.S. and international non-governmental organizations and to institutions and groups in other societies promoting human rights (1978).

(4) Promote acceptance within the U.S. of the idea that human rights includes economic and social rights as well as political and civil ones (1977-).

(5) Hold a major conference on human rights under White House auspices (1978).

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10. DEFENSE

Central Objective: To deter the Soviet Union from hostile acts and political pressure on both the strategic and conventional levels.

A. Defense Posture. Improve the effectiveness and responsiveness of U. S. military forces.

(1) Rationalize U. S. commitments and bases abroad.

- a. Initiate force realignments in the Pacific based upon revised policy toward Korea, SEA, Philippines (1977).
- b. Given increased burden sharing by our Allies and strengthened U. S. mobility, reduce U. S. overseas deployments (1980).

(2) Increase the responsiveness of U. S. forces worldwide.

- a. Increase readiness of Army units, particularly reserve components of active divisions (1978).
- b. Improve airlift/sealift capability (1980).
- c. Increase materiel war reserves to levels commensurate with the threat, develop a ready industrial base to provide follow-on war fighting materiel, and establish stand-by machinery for military manpower mobilization (1980).
- d. Undertake comprehensive alert/deployment exercise to NATO and elsewhere, to emphasize (on a larger scale than current Reforger, etc.) responsiveness and mobility (1980).

(3) Assure continued U. S. research and development excellence and initiative in areas central to our future security to insure growth in our own technological base and preclude technological "surprise" by other nations.

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B. Defense Management. Achieve budget savings by increased economy and efficiency in the defense program.

(1) Achieve efficiencies in defense personnel policies, including pay, benefits, and retirement.

- a. Revise military retirement system (1978).
- b. Revise compensation and pay system (1979).
- c. Conduct fundamental review of recruitment, selective service (1980).

(2) Take maximum advantage of firm arms control agreements by reducing weapons acquisition while possible and prudent.

(3) Improve government-industry arrangements for acquisition of major weapon systems (military ships, aircraft, etc.).

- a. Terminate aircraft construction for which there no longer exists a military requirement (A-7E, A-6E, F-111, etc.) (1977).
- b. Reform shipbuilding contracting through (1) greater competition for bids and (2) resolution of inflation-clause and other contentions (1980).

(4) Rationalize the current U. S. base structure without changing current (or programmed) force levels.

C. NATO Military Forces. Increase the deterrent effectiveness and war-fighting capabilities of NATO military forces.

(1) Improve NATO conventional war-fighting capability in Western Europe.

- a. Increase U. S. in-theater war reserve stocks to 60 days' supply for the Air Force (1979), 90 days' supply for the Army (1981), and gain Allied agreement to commensurate increases.

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- b. Complete program of sheltering U. S. combat aircraft (1978).
- c. Achieve across-the-board increase in NATO anti-armor density (1980).

(2) Improve NATO readiness to respond to the threat of a short-warning, highly intense conflict (1977-).

- a. Improve our capacity to detect, analyze and react to preparations for a surprise attack, to achieve at least \_\_\_\_ days of warning time (1978). (To be supplied in PRM 10).
- b. Restructure U. S. and NATO forces to enable them to respond more rapidly, including adjusting the current peacetime maldeployment of some NATO forces (1978).
- c. Increase prepositioned equipment stocks in Europe by at least \_\_\_\_ division sets (1979). (To be supplied in PRM 10).
- d. Enhance the capacity of U. S. strategic mobility to move troops to Europe. (Specific advances of troop arrival times should be identified.) (1980).
- e. Encourage Allies to standardize their logistics planning to include total levels of stocks and consumption rates (1979).

(3) Improve standardization of hardware and interoperability of equipment in NATO.

- a. Identify crucial subsystems in upcoming system procurements for interoperability and (if possible) standardization (1977).

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- b. Purchase one major European weapons system in return for demonstrable progress on standardization (1978).
  - c. Develop a program for increased standardization of logistics and support items (fuel, ammunition, etc.) (1978).
  - d. Develop a NATO-wide equipment acquisition planning process that coordinates the acquisition decisions of all NATO military Allies (1978).
- (4) Improve NATO's long-range defense planning process.
- a. Develop in the alliance a new NATO planning process (1978).
  - b. Work to implement the process to improve both Allied and U. S. forces within budgetary constraints (1978-80).

D. East Asia. Shift responsibility for East Asian security from U. S. to Japan and Korea, while insuring U. S. wartime military access to the Indian Ocean.

- (1) Rationalize U. S. force deployment in northeast Asia.
- a. Begin withdrawal of one U. S. ground force brigade from Korea; withdraw nuclear weapons; work out transitional command relationships with ROK forces; promote resumption of North-South talks (1978).
  - b. Complete withdrawal of ground forces from Korea (1981).
  - c. Secure dual membership for two Koreas in the UN on a provisional basis pending reunification (1980).

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(2) Improve military cooperation with Japan and secure greater Japanese contribution to East Asian military security.

- a. Enhance Japanese ability to protect itself against ground invasion and air attack (1978).
- b. Strengthen defense cooperation with Japan in such areas as ASW and ocean reconnaissance; accelerate Japanese procurement of P-3C and advanced fighter aircraft; and secure greater Japanese financial support for U. S. labor costs at our military bases in Japan (late 1978).

(3) Develop bases and support to insure U. S. military access to Southeast Asia and Indian Ocean in wartime.

- a. Conclude a new base agreement with the Philippines (1977).
- b. Secure military air transit rights through Singapore (1977).
- c. Develop better sharing of ASW and surveillance responsibilities with ANZUS re Indian Ocean (1977).
- d. Conclude free association status agreement with Micronesia (1978).

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April 29, 1977

## Australia Factsheet

Overview

Australia will continue to be a force for economic and political stability in Southeast Asia over the next several years, and basically a strong supporter of Western and U.S. policy objectives. As a leading exporter of foodstuffs, particularly wheat and meat products, its role as a food exporter will probably grow. Its fossil fuel resources -- natural gas and abundant coal -- should ease domestic and Asian dependence on non-Asian petroleum imports, and world demand for other strategic Australian minerals should continue. Australia's pro-West orientation should help limit probable communist efforts to influence non-communist nations in Southeast Asia.

A. Importance to the U.S.

- Australia has been a close and friendly ally since 1940 and is a signatory of the ANZUS Treaty.
- Australia has many strategic minerals needed by the U.S. and is a dependable supplier.
- U.S. business investments in the Australian economy are large, roughly one-third of all foreign investments there.
- Australia is a good market for U.S. products; about one-fifth of its 1975 imports came from the U.S.
- Five space-tracking stations are operated jointly by NASA and the Australian Government.

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B. Regional Importance

- Australia is a major trading partner with Japan, and trades to a lesser extent with nearly every other Asian nation.
- The country is a major supplier of foodstuffs to Asian nations, notably wheat to the PRC, and wheat, meat, dairy products, and sugar to Japan.
- It is a source of technical and economic aid to Southeast Asia (especially Papua New Guinea, Indonesia, and Bangladesh).
- Within the Commonwealth, Australia is responsible for defense obligations to Malaysia.

C. Military

- Australian armed forces could defend the country against an attack by any of its neighbors but could not contain an attack by any major power. Although well trained, the armed forces suffer from shortages of personnel, funds, and modern equipment.
- The country spent about 9 percent of its FY 1977 national budget on defense.
- The Army has 31,000 men, the Navy 16,000, the Air Force 21,000 -- for a total strength of 68,000 men.

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- Ground equipment includes 135 tanks, 450 armored personnel carriers, 1,600 field artillery pieces, 110 anti-aircraft weapons, and 20 surface-to-air missile launchers.
- Naval ships include 12 major and 9 minor combatants, 4 submarines, and 17 auxiliary ships.
- Military aircraft include 80 fighters, 24 bombers (including some F-111C's), 80 transports, and 50 helicopters.

D. Nuclear Weapons Potential

- Australia has large uranium ore deposits (about one-fifth of the world's supply) but has no facilities to produce fissionable materials. The country has shown no interest in developing nuclear weapons or explosives.

E. Economy

- The GNP in 1976 was an estimated \$93.6 billion, third largest in Asia after the PRC and Japan; per capita GNP was \$6,800. Real average annual growth over the 1970-76 period was 3 percent.
- Industry in Australia is highly developed but depends heavily on foreign investment, technology, and capital

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equipment. Principal manufactures include iron and steel, industrial and transportation equipment, processed foods, and chemicals.

--Agriculture makes the country both self-sufficient in food and a major exporter of wheat, meat and dairy products, sugar, and wool.

--Australia's mineral base is the world's third largest, after the USSR and U.S. It has a quarter of the world's bauxite reserves and a fifth of its uranium. Other abundant strategic minerals include iron ore, copper, nickel, lead, and zinc, as well as coal.

--Some 600 companies are wholly foreign owned; manufacturing industry is about 31 percent foreign owned. Heaviest foreign ownership (91 percent) is in the petroleum refining industry.

--Land transportation facilities include 40,600 kilometers of railroads and 863,800 kilometers of roads (about one-quarter paved). These serve and link populated areas; the sparsely inhabited "outback" is served by aircraft and cross-country vehicles.

--The country has about 1,700 airfields, 195 of which have permanent surfaces.

--International telecommunications are served by three satellite ground stations and many submarine cables,

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all linked to Australia's 5 million telephones. The country has 120 TV stations and 96 AM stations (but no FM stations). These serve 3.7 million TV sets and 14 million radios.

F. Energy

- Australia is one of the few industrialized nations with large, barely tapped energy resources.
- About 40 percent of the nation's present energy consumption comes from coal, and reserves of coal are abundant.
- About 50 percent of present consumption is supplied by oil; national reserves are limited and about 30 percent of the oil consumed is imported.
- Natural gas and hydroelectricity provide the remaining energy.

G. Land and People

- Area: 7,692,000 square kilometers (slightly less than the continental U.S.); 58 percent pasture, 6 percent arable, 2 percent forested; the remaining 34 percent unproductive interior desert.
- Population: about 13,830,000, largely concentrated around southeastern coastal margin. Average annual growth rate: 1.7 percent.

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--Ethnic divisions: Caucasian, 99 percent; remainder  
is Aborigines, Orientals, and others.

--Literacy rate: 98.5 percent.

--Government leader: Prime Minister John Malcolm Fraser.

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April 29, 1977

## Brazil Factsheet

### Overview

Brazil is the most economically advanced country in Latin America and has the natural resources to play an increasingly important role in world trade. It now produces a surplus of agricultural products and is becoming a major competitor in world aluminum and iron markets. As its economy expands, so will Brazil's political influence. It has had a relatively stable government over the last 10 years and will probably continue to do so.

### A. Importance to the U.S.

- Brazil is an important, usually moderate voice in Third World and North-South fora.
- U.S. investments amount to over \$4 billion. The U.S. is currently the largest investor in Brazil, but Japan and Western Europe are making inroads into this investment market.
- Brazil's purchases amount to 2 percent of U.S. exports.
- Brazil is strongly anti-communist and pro-West.
- Brazilians are increasingly insistent on asserting their independence from the U.S. on issues they deem vital to their interests and are likely to diverge still more from the U.S. on questions of trade, nuclear proliferation, and other matters considered to be exclusively internal affairs.

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B. Regional Importance

- Politically and economically, Brazil is the dominant power in the subregion composed of Bolivia, Paraguay, and Uruguay; its influence extends to other Latin American states as well.
- Several of Brazil's neighbors view it with some fear and trepidation. Nevertheless, a few look to Brasilia rather than to Washington for advice on matters such as internal security and regional diplomatic disputes.
- Commercial and diplomatic ties to the rest of the world are the most extensive and varied of any Latin American country.

C. Military

- Brazil has the largest and best equipped armed forces in South America. No other country on the continent could hope to defeat Brazilian forces in a conventional conflict, especially if the war were being waged on Brazilian territory.
- It spent 9.5 percent of its 1976 national budget on the armed forces.
- The Army has 183,000 men; the Navy 48,500; the Air Force 43,000; and the Paramilitary forces 184,000 -- for a total of 458,500.

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- Ground military equipment includes 660 tanks, 680 armored personnel carriers, 1,600 field artillery pieces, and 170 anti-aircraft weapons.
- The Navy has 1 ASW-support aircraft carrier, 14 destroyers, and 8 submarines plus coastal and amphibious warfare craft.
- Military aircraft include 205 fighters, 390 transports, and 105 helicopters.

D. Nuclear Weapons Potential

- Brazil is determined to develop a complete nuclear fuel cycle and has the potential, however small the likelihood that it will attempt to do so, of developing a nuclear explosive device by the early 1980s.

E. Economy

- Brazil leads all other South American nations in industrial output.
- GNP is approximately \$111 billion, largest in Latin America; real GNP growth in 1976 was 8.7 percent. Per capita income was \$994. Industry accounts for one-third of the GNP.
- Inflation in 1976 was approximately 35 percent.

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- Brazil is the world's leading coffee exporter and also exports large amounts of sugar, soybeans, cocoa, and cotton.
- It is rapidly increasing non-agricultural exports including textiles, steel, and motor vehicles.
- Total exports for 1976 amounted to \$10,100 million and imports \$12,300 million.
- The country possesses the world's second largest high grade iron ore reserves and has important bauxite deposits that it is rapidly exploiting.
- In comparison to other Latin American countries, Brazil has fairly well developed communication and transportation facilities. Efforts to expand docking facilities and land transport are underway in anticipation of increased demands.
- Brazil has 31,896 kilometers of railroads and 1,312,700 kilometers of roads, 77,700 kilometers of which are paved.
- Airfields number 4,230 with 152 having permanent surfaces. Brazil has 182 major non-military transport aircraft.
- The country has a moderately good telecommunications system. Radio relay is widely used. There are 5 communications satellite ground stations and 3.34 million

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telephones. Brazil's 1,010 radio stations and 167 television stations serve an estimated 32 million radios and 10.68 million television sets.

F. Energy

- Energy is a major problem.
- Brazil relies on oil for over half of its energy consumption, and must import 80 percent of the oil it uses. (Petroleum imports in 1976 cost about \$4 billion -- the highest oil import bill among non-OPEC LDCs.)
- Coal, though abundant, is of poor quality.
- Hydroelectric power accounts for about 30 percent of the country's present energy consumption. Less than 15 percent of the country's hydroelectric potential is developed, however, plans for further expansion of the industry are under way.
- Operation of Brazil's first nuclear electric power plant will probably begin in 1978.

G. Land and People

- Area: 8,521,100 square kilometers; 4 percent cultivated, 13 percent pasture, 23 percent built-on area, waste, and other, 60 percent forested.
- Population: 111,666,000, average annual growth rate 2.8 percent.

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- Ethnic divisions: 60 percent white, 30 percent mixed, 8 percent Negro, 2 percent Indian.
- Literacy: 67 percent of the population 15 years or older.
- Government leader: President Ernesto Geisel.

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April 29, 1977

## India Factsheet

### Overview

India's international role reflects a mixture of strengths and weaknesses. It is the second most populated nation on earth, but the rapid population growth continues to nullify most of the gains made in agricultural production -- the country remains chronically short of food. India is the strongest military power on the subcontinent and one of the major leaders of the Third World. Economic problems are paramount and its foreign relations in the coming years are likely to be conditioned more by its search for food, fuel, and foreign exchange than by its traditional search for security and an international role.

#### A. Importance to the U.S.

--U.S.-India relations have fluctuated from fair to poor in recent years, and were particularly cool during Indira Gandhi's state of emergency.

--Conversely, India has been Moscow's largest and most important friend outside the Communist world. Relations with the Soviets have been close because of India's reliance on Soviet military and economic assistance and general agreement regarding international issues.

--These relationships with both the U.S. and USSR may change somewhat under the new Indian government but only gradually.

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- India supports the concept of an Indian Ocean Zone of Peace and has opposed the building of U.S. naval facilities on Diego Garcia. It would like to limit naval deployments of both the U.S. and USSR in the Indian Ocean.
- As one of the developing countries, India has pressed for measures favoring them at the expense of richer ones.
- Nevertheless, the U.S. remains India's principal creditor and a leading purchaser of U.S. wheat.

B. Regional Importance

- India sees itself as the dominant power in South Asia, and believes that the 1971 India-Pakistan War conclusively demonstrated its military superiority on the subcontinent.
- India-Pakistan antagonisms are so deeply rooted that the best the two can hope for is an uneasy modus vivendi.
- The possibility exists for a growing rivalry with Iran, the only other regional nation with major power ambitions.

C. Military

- The Indian armed forces enjoy an overwhelming and growing advantage against Pakistan. With respect to China, the Indians could limit the penetration of a

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conventional attack by the Chinese, but are in no position to launch offensive operations against China through the Himalayas.

--India is becoming increasingly self-sufficient in military equipment: it manufactures or assembles its own small arms, medium tanks, self-propelled artillery, ammunition, some jet aircraft and military electronics.

--The Army has 1,000,000 men; the Air Force 105,000; the Navy 40,000; and the paramilitary forces 204,000 -- for a total of 1,349,000.

--Ground military equipment includes 1,600 tanks, 480 armored personnel carriers, 2,900 field artillery pieces, 24 surface-to-air missile squadrons, and 1,350 anti-aircraft artillery pieces.

--Military aircraft include 570 fighters, 40 bombers, 200 transports, and 290 helicopters.

--The Navy has 21 major combatants, 21 minor combatants, and 8 submarines.

#### D. Nuclear Weapons Capability

--India has already demonstrated its ability to produce and detonate a nuclear device and is a significant producer and processor of plutonium.

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E. Economy

- GNP is \$73 billion (FY76 at 1976 prices); per capita income is \$117. Despite significant increases in agricultural production over the past decade, only modest gains in GNP per capita have been made because of continued high population growth.
- Agriculture is the key to India's economy and is critically dependent on the monsoon rains. The country is one of the world's major producers of grains, peanuts, tea, jute, cotton, and sugar cane. Agricultural commodities account for about 70 percent of export earnings although most production is consumed domestically.
- Mineral resources are abundant but have yet to be developed. They include: iron ore, bauxite, coal, chromite, copper, manganese, mica, and phosphate.
- India has a highly developed industrial sector producing automobiles, aircraft, capital goods, military equipment, and consumer goods and is an important exporter of industrial products to the developing nations of Asia, Africa, and the Middle East.
- The U.S. is India's major trade partner (13 percent of its exports in 1976 went to the U.S. and 16 percent of its imports came from the U.S.).

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- Transportation and telecommunications facilities are fairly well distributed in the country, but expansion and improvements have not kept pace with India's economic development and population growth.
- The rail system is extensive (61,313 kilometers) but inefficient because of a multiplicity of track gauges.
- Surfaced highways (415,000 kilometers) connect all major cities, but rural feeder roads are generally poor and inadequate.
- Food storage facilities remain inadequate to handle grain surpluses in good crop years.

F. Energy

- About one-half of India's total energy consumption is met by commercial fuels.
  - Coal, in which India is self-sufficient, is the most important energy source, providing about 60 percent of commercial consumption.
  - Petroleum, two-thirds of which must be imported, provides about 30 percent, and consumption has been increasing by nearly 10 percent annually over the past decade. Dependence on imports is gradually being reduced, however, as newly-discovered offshore oil begins to flow.

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-Hydroelectric power, nuclear power and natural gas account for the remaining 10 percent of commercial use.

--The other half of India's energy consumption is accounted for by firewood and dung used as fuel by the rural population.

G. Land and People

--Area: 1,136,500 square kilometers; 50 percent arable, 5 percent permanent pastures and meadows, 20 percent desert, waste, or urban, 22 percent forested, 3 percent inland water.

--Population: 634,993,000; average annual growth rate 2.2 percent.

--Ethnic divisions: 72 percent Indo-Aryan, 25 percent Dravidian, 3 percent Mongoloid and other.

--Literacy: Males 39 percent; females 18 percent; both sexes 29 percent.

--Government leader: Prime Minister Morarji Desai.

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April 29, 1977

## Indonesia Factsheet

Overview

Indonesia has made tangible progress since 1966 in reversing the economic chaos of the Sukarno period, but its future over the next few years is uncertain. Presidential elections will occur in 1978 in an atmosphere of growing socio-economic hardship and political frustrations. Economically, oil production will probably increase until 1980, but some decline in oil export earnings -- which have provided capital for much of Indonesia's development -- is almost certain after 1980. A stable post-election atmosphere and provision of measures to insure economic growth in the face of a potential decline in oil revenues will be strong indicators of Indonesia's future course.

A. Importance to the U.S.

- Economic development goals have brought Indonesia into close association with the U.S. and other Western governments in the past decade.
- The maintenance of harmonious relations between Indonesia and two U.S. allies, Japan and Australia, is important to the stability of East Asia.
- Indonesia is located astride strategic international sea lanes linking the Western Pacific and the Indian Ocean.
- Indonesia has substantial raw material resources, including natural gas, minerals, timber, and rubber,

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and it supplies about 8 percent (1976) of U.S. oil imports.

- Indonesia has supported OPEC oil price increases, but has opposed limitations on production. (Jakarta did not participate in the 1973 embargo.)
- Suspicion of Communist intentions will continue to prevent the present government from having close relations with Moscow, Peking, and Hanoi.

B. Regional Importance

- Indonesia's foreign policy initiatives will continue to focus on Southeast Asia, and Indonesian leaders believe the country is destined to play a leading role in regional affairs.
- Jakarta is unlikely, however, to be in a position to offer the kind of assistance -- military or economic -- that might cause its neighbors to accept more readily Jakarta's attempts at leadership.
- Regional affairs are largely conducted through the Association of Southeast Asian Nations (ASEAN), whose members do not necessarily share Jakarta's view of its leadership role.

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C. Military

- Indonesia's armed forces are the largest in non-communist Southeast Asia but have a limited capability to carry out operations outside the country.
- Jakarta spent 14 percent of its 1976 budget on the armed forces.
- The Army has 200,000 men; the Navy 40,000; the Air Force 28,000; and the paramilitary forces 12,000 -- for a total of 280,000.
- Ground military equipment includes 180 tanks, 560 armored personnel carriers, 180 field artillery pieces, and 280 anti-aircraft weapons.
- The Navy has 8 major combatants, 32 minor combatants, 3 submarines, and 37 auxiliary ships and craft.
- Military aircraft include 55 fighters, 2 bombers, 60 transports, and 30 helicopters.

D. Nuclear Weapons Potential

- Jakarta has indicated interest in developing nuclear weapons but has no facilities capable of producing fissionable materials now, and will not have any for some years to come.

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E. Economy

- GNP is approximately \$28.1 billion (1975 prices), \$210 per capita; average annual growth (1970-75) was 7.1 percent. Manufacturing accounts for 11 percent of GNP, mining, including petroleum production, for another 11 percent. Agriculture accounts for 37 percent of the GNP, but employs nearly 70 percent of the labor force.
- Indonesia is a major exporter of timber, rubber, tin, copra, tea, coffee, tobacco, palm oil, and petroleum.
- Total exports for 1976 amounted to \$8 billion and imports \$5.5 billion.
- Capital intensive projects have brought self-sufficiency in cement, fertilizer, and some petro-chemicals.
- The quality of road and rail systems varies from one part of the country to another, but in general both systems are poorly maintained and badly in need of modernization.
- Inland/coastal shipping is characterized by inadequate port facilities, old ships, and lack of maintenance.
- Telecommunications have improved markedly with the recent completion of an extensive microwave communications

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system, a high frequency police net, and satellite communications ground stations.

--There are 285,000 telephones and 12 TV stations.

F. Energy

--Indonesian energy needs are met by local petroleum production and hydro-electric power; additional hydro-electric power projects are underway.

--Electric power supplies are marginal; absence of integrated networks requires many inefficient isolated municipal and industrial power plants.

G. Land and People

--Area: 1.9 million square kilometers; 12 percent cultivated, 24 percent inland water, waste, urban and other, 64 percent forested.

--Population: 139.4 million, average annual growth rate 2.4 percent.

--Ethnic divisions: 45 percent Javanese, 14 percent Sundanese, 7.5 percent Madurese, 7.5 percent coastal Malays, 26 percent other.

--Literacy: 60 percent of the total population; 72 percent of the 6 to 16 age group.

--Government leader: President Suharto.

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April 29, 1977

## Iran Factsheet

Overview

Iran is the most populous country in the Persian Gulf region and has the largest and best equipped armed forces. With the wealth it has acquired as the Free World's second largest exporter of petroleum (after Saudi Arabia), it is making a major effort to industrialize, looking ahead to the day when its petroleum deposits are depleted. Its economy is growing at a rate of over 11 percent per year. Barring an unforeseen political upheaval in the government, Iran will play an increasingly important economic and political role in world affairs in the coming decade.

A. Importance to the U.S.

- Iran is strongly anti-communist and pro-Western.
- The U.S. imports 541,000 barrels of oil per day from Iran; this is 7 percent of our total imports and 3 percent of our total oil consumption.
- As it moves toward developed nation status, Iran will become an increasingly important trading partner of the United States.
- Iran will continue to need U.S. military aid and technology to maintain its military strength.

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--It has, however, recently imported some military equipment from the USSR, and it has an important economic tie to the Soviet Union. (It exports large quantities of natural gas through a jointly constructed pipeline.)

B. Regional Importance

--With its military power and strong government, Iran is a stabilizing influence in the Persian Gulf region.

--It has close ties with Pakistan, another pro-West state in the South Asia area.

--The country has a very influential voice in determining OPEC's policies:

C. Military

--The Iranian armed forces are capable of defending against any regional enemy except the Soviet Union.

--Military expenditures for fiscal year ending 20 March 1977 were 34.9 percent of the central government budget.

--The Army has 170,000 men; the Air Force 104,000; the Navy 21,000; and public security forces 74,000 -- for a total of 369,000.

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- Ground military equipment includes 1,840 tanks, 2,360 armored personnel carriers, 1,835 field artillery pieces, 26 surface-to-air missile battalions/batteries, 1,260 anti-aircraft pieces.
- Military aircraft includes, 374 fighters, no bombers, 135 transports, 820 helicopters.
- The Navy has 7 major combatants, 14 minor combatants, 14 auxiliaries and no submarines.

D. Nuclear Weapon Potential

- Iran has ambitious plans for nuclear power plants but will have no capability to develop a weapon or explosive device for many years.

E. Economy

- Iran's economy is moving forward at a rate of 11 percent per year. Its 1976 GNP was \$66 billion and per capita income was \$1,900. Industry now accounts for less than 20 percent of the Gross Domestic Product despite the expansion of recent years. Future plans call for particularly large-scale expansion of the steel and petrochemical industries.

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- The country is rich in minerals. Aside from petroleum, the most important are iron ore, copper, coal, chromite, lead and zinc. Iron mining is being developed for the domestic steel industry and the country will be a major exporter of copper by the mid-1980s.
- Agriculture lags behind industry in modernization although the present 5-year plan emphasizes agricultural development. Main products are: wheat, barley, rice, sugar beets, cotton, dates, raisins, tea and tobacco.
- Iran's infrastructure is inadequate given its current rate of growth. There are 4,509 kilometers of standard gauge railroad, 43,442 kilometers of highways, 904 kilometers of inland waterways and 2,639 kilometers of pipelines. There are 162 usable airfields, 64 with permanent surface and 7 major and 6 minor ports.
- Iran has the most advanced telecommunications system in the Middle East. There are 805,602 telephones, 2 million radio and 1.7 million TV receivers; 31 AM, 1 FM and 67 TV stations. The country also has a satellite ground communications station.

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F. Energy

- Iran's current production of crude oil is in excess or 6.2 million barrels per day.
- Natural gas reserves are huge. Recent gas discoveries indicate reserves on the order of 600 trillion cubic feet. Natural gas is currently the largest non-oil export and will grow in importance in the early 1980s.
- Electrical capacity currently exceeds 5 million kilowatts, three-quarters of which is fueled by oil and gas, one-quarter is hydro-electric.

G. Land and People

- Area: 1,647,240 square kilometers; 14 percent agricultural, 11 percent forested, 16 percent cultivable with adequate irrigation, 51 percent desert, waste or urban, 8 percent migratory grazing.
- Population: 34,455,000; average annual growth rate 2.9 percent.
- Ethnic divisions: 63 percent ethnic Persians, 13 percent other Iranian, 18 percent Turkic, 3 percent Kurds, 3 percent Arab.
- Literacy: about 37 percent of those over 7 years of age.
- Government leader: Shah Mohammad Reza Pahlavi.

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April 29, 1977

## Japan Factsheet

### Overview

Japan is the leading industrial power in East Asia and the third largest industrial producer in the world (after the United States and the USSR). Its industrial health, however, is based very heavily on imported raw materials and on its continued ability to sell manufactured goods throughout the world. Factors that may limit Japan's continued growth are those related to energy and raw material resource availability. Since it is heavily dependent upon foreign sources, any disruption in supplies due to cartel actions, Third World national chauvinism, or worldwide economic conditions could endanger its regional, as well as global, position.

#### A. Importance to the U.S.

- Japan is an important, generally conservative voice in East Asia and among the industrialized western nations.
- It is the United States's strongest political ally in Asia.
- Japanese shipping carries much of the seaborne freight moving between U.S. and Asian ports.
- Japan is a substantial market for U.S. agricultural products, raw materials, and high technology manufactured goods.

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B. Regional Importance

- Japan serves as the regional storehouse and well-spring of investment capital, capital equipment, technology and managerial expertise.
- Japan acts as a major source of technology, capital, and market opportunities for both the Republic of China (Taiwan) and South Korea.
- Japan has led other Asian nations on the diplomatic front by establishing formal relations with the People's Republic of China and the Socialist Republic of Vietnam.
- Not only have diplomatic relations been normalized with communist nations, but substantial economic ties have been established, usually involving sale of raw materials to Japan and corresponding purchases from Japan of manufactured goods, capital equipment, and the technical and managerial expertise needed to use them.

C. Military

- The Japanese Self Defense Force is capable of containing a limited conventional attack, but would need outside assistance against a large, well equipped force.

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--Japan's defense industry potential is large and has the capability to produce the most sophisticated equipment. Current production includes small arms, artillery, armored vehicles, jet and propeller driven aircraft, surface and submarine vessels, and small amounts of all types of army material.

--About 6 percent of the national budget is spent on the armed forces.

--The Army has 154,000 men; the Navy 44,000; the Air Force 41,000; and the paramilitary forces 191,000 -- for a total of 430,000.

--Ground military equipment includes 760 tanks, 770 armored personnel carriers, 950 field artillery pieces, 5 NIKE groups, 8 HAWK groups, and 400 anti-aircraft artillery pieces.

--Naval forces include 30 major and 40 minor combatants, 16 submarines, 356 auxillary vessels and an air wing designed primarily for anti-submarine and reconnaissance operations.

--Military aircraft include 536 fighters, 66 transports, 410 helicopters, and 304 coastal patrol and reconnaissance planes.

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D. Nuclear Weapons

--Japan has a clear capability to produce nuclear weapons, but the preponderance of public and private opinion in the country is strongly against doing so.

E. Economic

--Japan is the world's third largest producer of steel and primary aluminum, the world leader in shipbuilding, and a major producer of electronic goods and automobiles.

--GNP is approximately \$488 billion (\$4,400 per capita) and grew at an average annual rate of 6.3 percent during the 1970-75 period.

--Total exports for 1975 amounted to \$54.8 billion, and imports \$49.7 billion.

--The labor force is comprised of 53.8 million persons, of whom about one million (2 percent) are unemployed.

--Japan is the world's largest importer of raw materials and must rely on imports for most of the raw materials that it uses.

--About three-fourths of its food needs are met through domestic production, but it must import to make up for shortages in meat, wheat, and feed grains.

--Japan has a well developed transportation system that includes 28,912 kilometers of railroads and

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1,059,000 kilometers of highways, 29 percent of which are paved.

--53 major seaports and 35 airfields with runways

1,830 meters (6,000 feet) or more in length serve both domestic and international transportation needs.

--Japan is an international transshipment hub for air and seaborne cargo moving to and through Asia.

--521 AM and 303 FM radio stations and 3,976 TV stations broadcast to 25 million radio and 25.2 million television receivers. Two satellite ground stations and submarine cables linked to 38.7 million telephones provide excellent domestic and international service.

F. Energy

--External energy supplies are critical to the Japanese economy since only 11 percent of its needs are met from domestic sources.

--Japan is the world's largest importer of coal and the second largest importer of oil, consuming the oil equivalent of 6.7 million barrels of oil each day.

--As early as 1974 the Japanese began placing increased

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- emphasis on coal as an energy source, contracting for foreign supplies and moving to improve the domestic coal mining industry.
- More recently Japan has undertaken development of foreign gas fields to assure access to enough natural gas to meet anticipated domestic demands.
  - Offshore exploration for oil and gas continues in the Sea of Japan and East China Sea area between Kyushu and Okinawa.
  - Eight nuclear electric generating plants are in operation, and 15 more are under construction.
  - Japan possesses a nuclear fuel reprocessing plant, has a second under construction, and has just begun operation of an experimental fast breeder reactor.

G. Land and People

- Area: 370,370 square kilometers, (about the same as the state of Montana); 16 percent cultivated; 12 percent in urban uses and wasteland; 3 percent is grassland; and 69 percent of the area is forested.
- Population: 113,462,000, average annual growth rate of 1.1 percent.
- Ethnic divisions: 99.2 percent Japanese; Koreans are only significant minority.

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--Literacy: 97.8 percent of the population 15 years  
of age and over.

--Government leader: Prime Minister Takeo Fukuda.

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April 29, 1977

## Nigeria Factsheet

### Overview

Nigeria is Africa's most populous nation and, based on abundant oil deposits, potentially one of its wealthiest. Tribal and regional rivalries have contributed to a turbulent history since 1960 -- a history of military coups, assassinations, and the Biafran civil war in which tens of thousands died. The present government, although still faced with serious domestic problems, is working for internal reconciliation. If successful, a stable Nigeria could influence the course of events not only in Black Africa but in emerging majority governments in southern Africa as well.

### A. Importance to the U.S.

- Nigeria ranks second only to Saudi Arabia as a supplier of crude oil to the U.S. The U.S. imported 1,120,000 barrels a day --or about 15 percent of its total oil imports -- from Nigeria in 1976.
- U.S. investment in Nigeria has increased steadily in recent years. U.S. companies invested \$1.2 billion in Nigeria in 1976, mostly in joint production of petroleum.
- Nigeria aspires to be a leading spokesman for Black Africa.
- Free from commitments to any world ideological bloc, Nigeria could develop leverage for encouraging independent courses for its neighbors.

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B. Regional Importance

- Its large population, economic pre-eminence, and political non-alignment give Nigeria a leadership role in Black Africa.
- Nigeria has been vocally active in support of southern African liberation movements and has provided limited funds and some military equipment.
- Top Nigerian officials have met with leaders of Zaire and Angola and offered to mediate the dispute between those two countries over the Katangan invasion of Zaire's Shaba Region.
- Nigeria has encouraged other African states to support the Soviet- and Cuban-backed MPLA in Angola.
- It has promoted regional economic cooperation among its West African neighbors and has given some unilateral economic assistance to those states.

C. Military

- The armed forces are the largest in West Africa. They provide a substantial power base for the nation's leadership and ample protection against outside attack except by a major power.
- Nigeria spent 16 percent of its 1976 national budget on the armed forces.

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- The Army has 250,000 men; the Air Force 5,600; the Navy 3,700 -- for a total of 259,300.
- Ground equipment includes 55 light tanks, 192 wheeled armored vehicles, 225 field artillery pieces, and 158 anti-aircraft weapons.
- The naval inventory of 20 ships includes 1 destroyer escort, 2 fast patrol boats, 8 patrol gunboats, and 1 mine warfare craft.
- The Air Force has 137 aircraft, including 6 C-130s, 25 MiG-21 and 15 MiG-17 jet fighters, and 5 MiG-15 jet trainers.

D. Nuclear Weapons Potential

- Nigeria will have no facilities capable of producing fissionable materials in the foreseeable future.

E. Economy

- Estimated 1976 GDP was \$27 billion. (Statistics on GNP are not available.) The real growth rate from 1970 through 1976 averaged 6.7 percent annually. Per capita income was about \$400.
- Nigeria is the free world's seventh leading producer of petroleum and fifth leading exporter. Production in 1976 was about 2,070,000 barrels a day, of which

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2,000,000 barrels were exported. Petroleum accounts for 95 percent of the value of exports and 35 percent of the GDP.

- Despite impressive oil earnings, benefits from the national wealth have not reached the average Nigerian.
- World recession, slow growth of the agricultural sector, and unchecked imports led to a trade deficit in the mid-1970s despite the oil boom. The present government has called for budgetary cuts and expansion of the agricultural and industrial sectors to correct the deficit.
- The manufacturing sector, the largest in Black Africa, provides only 7 to 8 percent of the GDP.
- Tenders have been circulated to Western companies for an iron and steel complex. The Soviet Union had originally offered to design, run, and finance the plant but has dragged its feet. If constructed, completion is not expected before the mid-1980s.
- The barely adequate transport system is a major constraint to the country's economic development.
- There are nearly 90,000 kilometers of road (about 15,000 of them paved), more than 3,500 kilometers of railroads, and 8,500 kilometers of navigable waterways.

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--The country has 91 airfields, 15 of them with permanent-surface runways.

--The telecommunications network includes 1 satellite ground station, 111,500 telephones, and 31 radio stations and 8 TV stations to serve 5 million radio and 100,000 TV receivers.

F. Energy

--Of its total petroleum production, Nigeria consumes only about 70,000 barrels a day domestically. The single oil refinery, however, does not permit self-sufficiency in refined products.

--Nigeria has the only workable coal deposits in West Africa. Current annual production is about 200,000 tons.

--Thermal power plants generate about half of the country's electrical energy with most of the rest supplied by hydroelectric power. The latter is expected to become a more important power source in the 1980s.

G. Land and People

--Area: 925,000 square kilometers; 13 percent under cultivation; 11 percent arable but unused; 35 percent forested; and 41 percent in desert, waste, urban, or other use.

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- Population: 66,000,000; annual growth rate 2.9 percent.
- Ethnic divisions: Of the more than 250 tribes, the Hausa and Fulani of the north, the Yoruba of the south, and the Ibos of the east comprise 60 percent of the total population. Only 27,000 are non-African.
- Literacy: Estimated 25 percent.
- Government Leader: Lieutenant General Olusegun Obasanjo.

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## China Factsheet

### Overview

China clearly has the long-term potential to be a global power, and will strive mightily to move closer to that status in coming years. The country has just emerged, however, from a year of extraordinary domestic upheaval and uncertainty (deaths of both Chairman Mao Tse-tung and Premier Chou En-lai), a devastating series of earthquakes, and the rise of a previously little known political figure, Hua Kuo-feng, to the helm. Presently occupied with consolidating his political power, Hua appears to emphasize economic issues and advocate long-term policies to modernize agriculture, industry, national defense, and science and technology. The problems he faces, however -- both in achieving political stability and modernizing the country -- are extremely difficult, and it is not possible to predict how much progress China will make in solving them in the next decade.

#### A. Importance to the U.S.

- The PRC is no direct military threat to the continental United States, but it does pose a latent threat to U.S. forces deployed on the Korean Peninsula.
- China's presence and its influence, either direct or potential, over other Asian nations is often an important factor affecting U.S. relations with those countries.
- The dispute with the Soviet Union ties down sizable

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Soviet forces on the Asian flank of the USSR that might otherwise oppose U.S. and other NATO forces in Europe. The dispute also directly influences China's policies toward the U.S.

--China is making vigorous attempts to capture the leadership of the Third World by projecting itself in such a role in international fora and in the world press.

B. Regional Importance

--Politically and militarily, China is the dominant power in East Asia. Other than the Soviet Union, China is the only Asian nation with a nuclear deterrent and regional strike capability.

--Economically, China is subordinate to Japan in regional and world markets but possesses potential for sizable domestic growth and foreign trade.

--China has a legacy of cultural influence beyond its borders, particularly in Vietnam, Korea, and Japan.

C. Military

--China's nuclear and conventional forces far exceed those of any other country in Asia, except for

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the Soviet Union.

--The Army has 3,500,000 men; the Navy 300,000; and the Air Force 400,000 -- for a total standing force of 4,200,000.

--The armed services are reinforced by a reserve and initial troop mobilization base of 7 million lightly armed troops from the militia and the Production and Construction Corps; in addition, a large but only partially armed militia constitutes an additional paramilitary base.

--The Army is a predominantly infantry force; ground force military equipment includes 9,000 tanks, 2,000 armored personnel carriers, 26,000 field artillery pieces, 75 battalions of surface-to-air missiles and 11,500 anti-aircraft guns.

--The Navy is principally a coastal defense force and includes 26 major and 980 minor surface combatants, 86 submarines, and 900 auxiliaries.

--The Air Force has not developed much beyond a limited air defense force but possesses some ground attack capability; military aircraft include 4,800 fighters, 500 bombers, 500 transports, and 350 helicopters.

--The military-industrial base supports a comprehensive

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and integrated modern weapons program but presently is subject to serious economic and technical constraints that forestall a rapid weapons modernization program.

D. Nuclear Weapons Capability

--China has a small nuclear force of 65 to 70 strategic missiles and a bomber delivery force. Both pose a limited strike threat, principally to the Soviet Union and the Asian area.

E. Economy

--Agriculture is the pivotal sector of the economy and employs 80 to 85 percent of the labor force.

--The major economic problem is to sustain agricultural output, supplemented by comparatively small imports, to feed a growing population, provide raw materials for consumer goods industries, and supply surpluses to support investment in other sectors of the economy.

--GNP was an estimated \$324 billion in 1976; the real growth rate averaged 2 percent annually from 1957-70 and the growth rate in 1971-76 has averaged 6 percent. Per capita income was \$340 in 1976.

--China is not a major industrial power, but it has

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made impressive progress and is an important producer of steel, machine tools, transportation equipment, chemical fertilizer, cement, and consumers goods.

--China has also redirected efforts toward a small plants program distinguished by simple technology, rural location, production in direct support of agriculture, dependence on local labor and raw materials, and local administration.

--China has an unbalanced and poorly distributed transportation system with 50,000 kilometers of railroads concentrated in the eastern half of the country and 800,000 kilometers of low-grade roads, about one-eighth of which are paved.

--China has recently installed nationwide high capacity telecommunications trunk lines of microwave radio relays and buried coaxial cables, a common-users system serving military, government and civilian personnel.

F. Energy

--All of China's energy needs are met from domestic sources.

--Coal supplies the largest share of present energy consumption, about 65 percent, and additional coal is exported.

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--China is self-sufficient in petroleum and petroleum products, and a small quantity is exported, mainly to Japan.

--The major source of electric power in China is from thermal plants which account for about 75 percent of the total output.

--The potential for hydroelectric power is very great, but little has been developed because of high costs and because the Chinese have chosen to put their limited resources into thermal plants which can be built more quickly.

--China has no nuclear power facilities, but it has expressed some interest in purchasing such facilities in the West.

G. Land and People

--Area: 9,560,000 square kilometers; 11 percent cultivated, 78 percent desert, waste or urban; 8 percent forested; 2-3 percent inland water.

--Population: 950,000,000 (estimated); average annual growth rate 1.5 percent.

--Ethnic divisions: 94 percent Han Chinese; 6 percent Chuang, Tibetan, Uighur and other Turkic peoples, Mongol, and numerous lesser nationalities.

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--Literacy: 60 percent of the population have a primary education and are at least marginally literate.

--Government leader: Hua Kuo-feng (Chairman of the Chinese Communist Party).

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April 29, 1977

## Saudi Arabia Factsheet

### Overview

Saudi Arabia is and will be for the foreseeable future an important force in the international community, because of enormous wealth from petroleum resources. This pro-West country is committed to world economic stability and seeks to negate communist and radical Arab socialist influence in the Middle East. It will continue to use its considerable financial reserves and status as religious leader in the Moslem world to accomplish these objectives.

#### A. Importance to the U.S.

- Saudi Arabia is an irreplaceable source of oil for the U.S. and an important supplier for U.S. allies in Western Europe and for Japan.
- Its commitment to the economic stability of the West and a desire to cooperate closely with the U.S. in both economic and political matters, make it the major influence for pricing restraint in OPEC.
- Saudi Arabia plays an important role in U.S. efforts to solve the Arab-Israeli dilemma.
- Its conservative outlook, determination to block the expansion of Soviet influence in the Middle East, and financial leverage on neighboring states enable

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it to strengthen existing moderate states and encourage extremist states to adopt less radical policies.

--Saudi Arabia's financial reserves are vital to the health of the international community.

--Its ambitious development program, heavily dependent on Western, especially U.S., expertise, make it a key market for U.S. exports which, along with U.S. military sales to Saudi Arabia, are primary contributors to the U.S. balance of payments.

B. Regional Importance

--Saudi Arabia has been working to translate its wealth into leverage to promote its policies in the Middle East; key states in the area, notably Egypt, Syria, Jordan, and the more moderate leadership of the Palestine Liberation Organization, are all to some degree economically dependent on the Saudis.

--As a result, Saudi Arabia has become a dominant voice in decision-making on Arab-Israeli issues, promoting the current search for a peaceful settlement.

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--It has traditionally regarded the Arabian Peninsula as its particular sphere, but it is also attempting to expand its influence in the Horn of Africa.

--Along with Iran, it dominates OPEC.

C. Military

--The Saudi armed forces are incapable of conducting coordinated combat operations against a modern military force.

--The Army has 45,000 men; the Air Force 15,000; the Navy 1,500; and public security forces 35,000 -- for a total of 96,500.

--Ground military equipment includes 305 tanks, 205 armored personnel carriers, 545 field artillery pieces, 10 batteries of surface-to-air missiles, and 260 anti-aircraft artillery guns.

--Military aircraft include 105 fighters, 59 transports, and 42 helicopters.

--The Navy has only 6 minor combatants and 2 auxiliaries.

D. Nuclear Weapons Potential

--Saudi Arabia has no facilities capable of producing fissionable materials now and will not have any for some years to come.

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E. Economy

- Saudi Arabia's GDP for 1976 was an estimated \$44.4 billion, and per capita income was \$7,400. (Statistics on GNP are unavailable).
- The real growth rate for the non-oil private sector was 15 percent.
- Saudi Arabia is the world's largest producer of crude oil, and current production exceeds 8.5 million barrels per day.
- Other important industries, not related to oil, include cement production, a steel-rolling mill, and a few light consumer goods factories -- which all together account for less than 5 percent of the GDP.
- The country's main agricultural products are dates, grains, dairy products, and poultry, but more than 70 percent of domestic food needs must be imported.
- Saudi Arabia's mineral resources consists largely of undeveloped deposits of gold, phosphates, copper, and zinc; there are also traces of nickel, iron ore, and uranium.

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- Saudi Arabia has 17,850 kilometers of roads, of which 60 percent have bituminous surfaces.
- There are 107 airfields and 20 major civil aircraft.
- Railroads total only 575 kilometers.

F. Energy

- Saudi Arabia is totally self-sufficient in energy resources, and even provides over 95 percent of its own needs in refined petroleum products.
- It ranks sixth in the world in natural gas reserves with about 63.5 trillion cubic feet.
- The country has an electric power capacity of about 1.5 million kilowatts.

G. Land and People

- Area: 2,331,000 square kilometers; 1 percent agriculture, 1 percent forested, 98 percent desert, water, or urban.
- Population: 7,517,000, average annual growth rate 3.1 percent.
- Ethnic divisions: 90 percent Arab, 10 percent Afro-Asian.
- Literacy: 15 percent (estimate).
- Government leader: King Khalid.

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April 29, 1977

## Venezuela Factsheet

### Overview

As an oil producer and exporter, Venezuela's importance in the next several years will continue to grow with world energy demands. An increasingly independent and activist foreign policy based on influence derived from its oil wealth will be maintained. The government's commitment to large development programs designed to diversify the economy will require substantial external technical assistance. Democracy, remarkably successful in Venezuela since 1958 when the Perez Jimenez dictatorship was overthrown, will continue to flourish there as long as the military remains content.

### A. Importance to the U.S.

--Venezuela is our sixth largest trading partner overall, and the third largest supplier of crude oil and petroleum products, accounting for 13 percent of total U.S. oil imports. It is the second largest foreign supplier of iron ore to the U.S.

--Despite the nationalization of the oil industry in 1976, former U.S. owners are still interested in the industry; and because of its limited technical capabilities Venezuela needs U.S. expertise to maintain production and conduct exploration.

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--In its development programs, Venezuela plans to devote major attention to mining, shipbuilding, petrochemical production, steel production, and agriculture. To the extent that U.S. firms participate in design and engineering services for these industries, the necessary capital goods will probably be purchased from the U.S.

--Venezuela is strongly anti-communist and leans to the West, though it is sensitive to any suggestion that it may be dominated by the U.S.

B. Regional Importance

--Venezuela has the financial resources, leadership, and prestige in Inter-American fora to exert substantial influence on other Latin American states.

--In other parts of the Third World, Venezuela also has influence through its membership in OPEC, its support of raw material producers, and the position of its Minister of International Economic Affairs as co-chairman of the Conference of International Economic Cooperation (CIEC).

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C. Military

- Venezuela's armed forces could defend the country only against minor attacks. The military is poorly organized and officered by standards of the leading South American armed forces. Acquisition of modern equipment since 1970, however, has improved Venezuela's capability to maintain internal security.
- The Army has 27,000 men; the Navy 12,000; the Air Force 5,200; and paramilitary forces 13,500 -- for a total of 57,700.
- Ground military equipment includes 120 tanks, 110 armored personnel carriers, 150 field artillery pieces, and 40 anti-aircraft weapons.
- Naval ships include 8 major and 16 minor combatants and 3 submarines.
- Military aircraft include 30 fighters, 20 bombers, 90 transports, and 40 helicopters.

D. Nuclear Weapons Potential

- Venezuela has no facilities capable of producing fissionable materials now nor will it have them for some years to come.

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E. Economy

- Venezuela's GNP ranks third in Latin America at \$3.0 billion; the real growth rate in 1976 was 7.0 percent. The country leads all other Latin American nations in per capita income, \$2,380.
- Industry accounts for 17 percent of GNP and is dominated by petroleum refining. Other industries provide basic consumer goods, textiles, and automobiles (assembly). Agriculture contributes little to GNP but is important because it employs about one-fourth of the labor force. Main products are sugarcane, corn, coffee, and rice.
- Total exports for 1976 amounted to \$8.9 billion -- petroleum accounting for \$8.4 billion and iron ore and coffee most of the remainder.
- The United States furnishes 70 percent of Venezuela's \$2.0 billion foreign direct investment, 98 percent of which is allocated to manufacturing.
- All major cities in Venezuela are accessible by road, but only inland waterways and trails provide transportation in some remote areas.
- Venezuela has only 373 kilometers of railroads but there are 65,700 kilometers of roads, 19,600 of which are paved.

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--Airfields number 292 with 104 having permanent surfaces.

--The country's modern and expanding telecommunications system includes a satellite ground station; 609,400 telephones; 207 radio stations serving 3.2 million receivers; and 43 television stations serving 1.3 million receivers.

F. Energy

--In 1976, Venezuela's petroleum production was 2.3 million barrels per day, making it the world's fifth largest producer and exporter.

--The country's 14 billion barrels of conventional oil reserves will last only 17 years at current production rates. (Large additional reserves of heavy crude oil in the Orinoco Tar Belt may one day be exploited but pose technological problems.)

The government plans to limit output to 2.2 million barrels per day from 1977 through 1980 to conserve its reserves.

--~~Venezuela has abundant but largely untapped hydro-~~  
electric and coal resources, the exploitation of which must be increased to meet the growing demands

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of its steel industry. Hydroelectric potential is conservatively estimated at 40 million kilowatts; coal reserves are estimated at 800 million tons.

G. Land and People

- Area: 911,680 square kilometers; 4 percent cropland, 18 percent pasture, 21 percent forest, 57 percent urban, waste, and other.
- Population: 12.6 million, average annual growth rate 3.1 percent.
- Ethnic divisions: 67 percent mestizo, 21 percent white, 10 percent Negro, 2 percent Indian.
- Literacy: 74 percent (estimate).
- Government leader: President Carlos Andres Perez.

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