

**Material from President's Trip to Italy, Spain, Yugoslavia, and Portugal, 6/19/80-6/27/80**

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att	<del>Charles W. Duncan, Jr. to the President.</del> <del>Re: Natural gas trade pricing developments</del> <del>(4 pp.)</del> <i>opened per RAC NLC-126-21-50-1-3 1/9/14</i>	6/14/80	A
memo	Charles W. Duncan, Jr. to the President. Re: Filling the strategic petroleum reserve. (1 p.)	6/18/80	A
memo	Charles W. Duncan, Jr. to the President. Re: Telephone conversation with Calderon Berti. (1 p.)	6/20/80	A
memo w/att	Charlie Schultze to the President. Re: Housing news. (2 pp.)	6/27/80	A
memo	Charlie Schultze to the President. Re: May trade balance. (1 p.)	6/26/80	A
memo	To the President. Re: Official gifts to the King and Queen of Spain. (1 p.)	6/25/80	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of Staff Sec.- Pres. Handwriting File, "Material For President's Trip To Italy, Spain, Yugoslavia, and Portugal, 6/19-27/80." Box 192

RESTRICTION CODES

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Proposed DOE letter (per Dobie Langenkamp)

The Department of Energy supports passage of the Senate Energy Committee version of the Alaska Lands bill if modified by the Tsongas amendments as offered on the floor. Our support is based upon the recognition that Alaska is the last unique frontier. It represents a remarkable diversity of undisturbed ecosystems not found elsewhere. Alaska offers vast expanses of wilderness and numerous species of wildlife which deserve preservation. This bill, as amended, will provide the opportunity to protect these features while leaving the important energy resources available for exploration and development. We have examined the question of energy resources as they relate to the proposed conservation measures in the bill and we are satisfied with the balance this bill proposes.

The Administration has consistently supported a sensible energy development program for Alaska. Alaska now ranks as the second highest oil producing state in the nation, accounting for approximately 15 percent of domestic production. The Department of the Interior's new five year leasing schedule provides for ten sales in the Alaska OCS. These lease sales alone are expected to provide annual production of more than 200 million barrels by 1995. Also the Administration has proposed a bill to open up the 23 million acre NPRA to private leasing. (The NPRA is estimated to contain an average of 6.4 billion barrels of oil and 14.1 trillion cubic feet of natural gas. A very recent USGS study also indicates that its potential is considerably greater than the William O. Douglas Arctic Wildlife Range.) In addition, we have actively supported the construction of the Alaska Natural Gas Pipeline. The Department of Energy has worked closely with the Department of the Interior to identify areas of greatest energy potential in Alaska. As part of this investigation, we examined the proposed boundary extensions of wilderness and refuge areas and based upon the best available information have found them to be acceptable.

Although some of the areas in Alaska that will be foreclosed to development have favorable geological anomalies which might be potentially important for oil and gas, the total amount of possible perspective acreage in Alaska for which exploration and development would be prohibited is extremely small. We estimate that approximately 95 percent of the onshore lands determined by the USGS to be favorable for oil and gas potential remain unaffected by this bill.

In conclusion, we urge your support of the Tsongas amendments to the Senate Committee bill as a constructive step in the best interests of this nation and fully consistent with a sound energy program.

THE WHITE HOUSE

WASHINGTON

June 18, 1980

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MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Discussion of Trade with the Japanese  
at the Venice Summit

As you know, Neil Goldschmidt and the EPG have been working for the past month on your auto policy. While there is substantial agreement on most proposals, we are still sharply divided on some aspects of the trade question.

There is general agreement that the Japanese should be discouraged from building new capacity for export of U.S. markets. We are still divided, however, on whether the Japanese should also be encouraged to restrain current import levels.

I recommend that you not finally decide this issue until you have had the opportunity to review the recommendations of your advisers.

In any discussion of the trade issue with the Japanese in Venice, I believe it is very important that you not foreclose the option of urging restraint of current imports by limiting your discussion solely to the issue of capacity expansion.

- o Since we announced our position before Congressman Vanik's subcommittee in March, Japanese imports have continued to rise rapidly as a percentage of the U.S. market. Japanese imports this year are 25 percent above 1979 levels, while U.S. production has declined by more than 30 percent. Japanese workers now are working on overtime, while the unemployment rate in the industry is approximately 25 percent. Moreover, U.S. manufacturers now have the capacity to produce additional small cars, which they did not have in March. Given the record unemployment among U.S. manufacturers and suppliers, there are many who feel that the Japanese simply are taking advantage of our position.

- o None of the other measures that your advisers now are considering will remedy the current unemployment problems for auto manufacturers and suppliers. Only the gradual recovery of our economy from recession and the shift by U.S. manufacturers to small cars will achieve that. A reduction in Japanese imports, even to 1979 levels, would probably not increase employment substantially (CEA estimates 20 to 30 thousand). Nevertheless, it is the only action we can take now that offers a chance of even limited relief in the immediate future.
  
- o All of the interested parties (with the possible exception of GM) have pushed hard for a reduction in the current level of Japanese imports, rather than for forestalling future additions to Japanese capacity. It is unlikely that our package will receive strong political support unless we take action to relieve the current situation.

This is a very difficult issue, with good arguments on both sides. My present concern is that you not take actions now that foreclose your choices later.



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THE SECRETARY OF ENERGY  
WASHINGTON, D.C. 20585

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trip  
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JUN 14 1980

MEMORANDUM FOR THE PRESIDENT  
FROM: Charles W. Duncan, Jr. *CW Duncan*  
SUBJECT: Natural Gas Trade Pricing Developments

We are continuing our efforts to avert a substantial rise in world natural gas prices through consultations with key gas importing and exporting countries. Algeria triggered the current pricing confrontation with demands in February 1980, for a doubling of their gas export price to French and U.S. customers. The Algerians are seeking equivalency between their already high FOB crude oil price and their FOB price of liquefied natural gas (LNG). Since transportation and handling costs of LNG are 5-6 times those of crude oil, their demands for an LNG price of \$6.11/MMBtu (FOB) would result in a delivered price to U.S. markets of approximately \$7.80/MMBtu compared to the current competitive price of \$4.47/MMBtu for gas imports from Canada and Mexico.

We have strongly resisted the exorbitant Algerian demands. My Assistant Secretary for International Affairs, Les Goldman, has met with his Algerian counterparts twice in the past few months and will return to Algiers again at the end of June. To date, however, little progress has been made. For the past ten weeks, they have suspended all deliveries to the large El Paso LNG project which delivers gas to Cove Point, Maryland, and Elba Island, Georgia, but have continued, at least temporarily, to supply the smaller Distrigas project in Everett, Massachusetts. The Algerians have also drastically reduced their shipments to France, which had been counting on Algerian LNG for 12 percent of their gas supplies.

We are maintaining frequent contact with other current and prospective gas importers to ensure that gas consumers present a unified front to isolate the Algerians and move them to a more reasonable position this year. To this end, we have been in touch with the French, British, German, Belgian, Italian, Spanish and Tunisian Governments and the Commission of the European Communities. We have urged them to (1) resist Algerian demands, (2) refuse to increase their imports at the expense of others, and (3) stay in close contact with us. We have also expressed our concerns to other major gas exporters -- Canada, Mexico, Norway, and The Netherlands.

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BY: /SS WARA DUE 12/22/12

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DECLASSIFY ON: 6/14/86  
or (date or event)  
 REVIEW

~~CONFIDENTIAL~~

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The response of the other importing governments has been generally positive and supportive of our position. The French and Germans have been particularly strong in their endorsement of our attempts to resist substantial gas price increases. We are less certain of the resistance which will be offered by the Spanish and Italians to anticipated Algerian demands for higher gas prices.

During your forthcoming trip to Europe, I urge you to emphasize our concerns on gas pricing to your Italian and Spanish colleagues in order to stiffen their positions. If the Algerians succeed in imposing a quantum jump in LNG prices with any country we anticipate that they will immediately impose similar conditions on their other customers. This could in turn touch off a price leapfrogging by other exporters of both LNG and pipeline gas. The price of our pipeline supplies from Canada and Mexico might be affected as well as our ability to resume reasonably priced purchases from the Algerians.

~~CONFIDENTIAL~~

## Italy: Natural Gas Pricing Issues

### Background

Under the terms of a 1977 commercial agreement, Italy plans to import via the Trans-Mediterranean Pipeline approximately 1 billion cubic feet per day of Algerian natural gas beginning in 1981-82. Algeria has not demanded to renegotiate the current \$3 per million Btu sales price, but it is probable that they will approach the Italians as part of their current campaign to seek FOB crude oil price equivalency for their natural gas. We have raised this issue with senior Italian officials during the recent U.S.-Italian Energy Bilaterals in Washington and through a demarche by the U.S. Embassy in Rome. In response, the Italians have expressed support for our position that imported natural gas should be competitively priced with alternate petroleum fuels in end-use markets. We believe, however, that if approached by the Algerians, the Italians will not strongly oppose Algeria's price demands given their need for this gas supply and bilateral political considerations.

### Talking Points

You may wish to make the following points to senior Italian leaders:

- If approached by Algeria, Italy should strongly resist unilateral Algerian price demands.
- We will keep the Italian Government informed of our discussions with Algeria and urge that the Italians consult with us before they respond to any possible Algerian price demands.
- In the event the El Paso Algerian LNG Project remains interrupted indefinitely or the project fails, we would urge the GOI refuse to allow Italian companies to purchase gas which has been dedicated to U.S. markets.
- We believe that the continuation of our refusal to pay unwarranted Algerian price demands is essential to our collective efforts to avoid a repetition in the natural gas market of the uncontrolled price spiral which has occurred in the world oil market.

## Spain: Natural Gas Pricing Issues

### Background

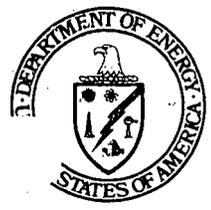
Algeria is delivering 150 million cubic feet per day of LNG to the Spanish firm, ENAGAS. At the same time Spain is currently paying the highest FOB sales price for flowing Algerian LNG supplies--\$3.42 per million Btu for the first half of this year and \$4 per million Btu as of July 1, 1980. Notwithstanding the high price already paid by Spain, we believe that Algeria may soon approach Spain as part of their current campaign to seek FOB crude oil price equivalency for their natural gas. We have made demarches to senior Spanish officials in Madrid as well as their Embassy in Washington, and they have expressed support for our position that imported natural gas should be competitively priced with alternate petroleum fuels in end-use markets. We believe, however, that if approached by the Algerians, the Spanish will not strongly oppose Algeria's price demands given their need for this gas supply and bilateral political considerations.

### Talking Points

You may wish to make the following points to senior Spanish leaders:

- If approached by Algeria, Spain should strongly resist unilateral Algerian price demands.
- We will keep the Spanish Government informed of our discussions with Algeria and urge that the Spanish consult with us before they respond to any possible Algerian price demands.
- In the event the El Paso Algerian LNG Project remains interrupted indefinitely or the project fails, we urge the Spanish Government to refuse to allow Spanish companies to purchase gas which has been dedicated to the U.S. market.
- We believe that the continuation of our refusal to pay unwarranted Algerian price demands is essential to our collective efforts to avoid a repetition in the natural gas field of the uncontrolled price spiral which has occurred in the world oil market.

~~CONFIDENTIAL~~



THE SECRETARY OF ENERGY  
WASHINGTON, D.C. 20585

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June 18, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: Charles W. Duncan, Jr.

SUBJECT: Filling the Strategic Petroleum Reserve

The House-Senate Conferees on the Synfuel Bill (S.932) have agreed to include a provision in the bill requiring the President to begin immediately steps to fill the Strategic Petroleum Reserve (SPR) at a minimum average rate of 100,000 barrels/day for FY 1981. Failure to do so would result, in effect, in a required shut down of production from the Naval Petroleum Reserve (NPR) (except for the required small refiners set aside). The federal share is about 100,000 barrels/day and so coincides with the mandated minimum SPR fill rate. The bill is scheduled to be signed on July 4.

Our present intention is that within a week or two after enactment we will set in motion the administrative steps necessary to begin filling the SPR with NPR oil (or in exchange for it). Actual delivery of oil to the SPR will take another 60 to 90 days. We have some flexibility in this respect.

As you know, when I discussed this legislation with Sheik Yamani at the end of May, although he noted that we should expect some negative reaction, he did not link maintenance of Saudi production levels to this issue as he had before. His statements at the OPEC meeting and those of other high Saudi officials warned only against using "Saudi" or "OPEC" oil for the SPR. They seem to be distinguishing NPR oil and thus appear to recognize the requirements of our new legislation.

At Yamani's suggestion, I will be meeting with him after the Venice Summit to exchange reports on the Summit and the Algiers OPEC meeting. I will also use that opportunity to review the SPR situation with him.

While in Venice, I will consult on these SPR matters with the other energy ministers as required under the Tokyo communique. You will recall that I raised it with them in the bilaterals at the IEA Ministerial last month.

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BY KS NARA DATE 12/29/13



~~SECRET~~

THE SECRETARY OF ENERGY  
WASHINGTON, D.C. 20585

June 20, 1980

C

MEMORANDUM FOR: The President

FROM: Charles W. Duncan

SUBJECT: Telephone Conversation with Calderon Berti

On the afternoon of June 20, I telephoned Venezuelan Energy Minister Calderon Berti prior to leaving for the Summit. We had a friendly and useful discussion. He characterized the recent OPEC meeting as most difficult and said that the Iranians and Iraqis were openly hostile, with the Iranians being particularly intransigent on the critical issues. It, therefore, proved impossible to reach agreement on pricing. However, he said that during the September OPEC Tri-Partite meeting (consisting of OPEC oil, finance and foreign ministers), a secret meeting of oil ministers would be held at which time he predicted an agreement could be reached on a uniform OPEC price. In that connection he believed the Saudis would raise their price \$2.00/barrel on July 1st and another \$2.00/barrel to \$32.00/barrel before the meeting in September, if that would achieve OPEC pricing unity. I pointed out that the recent round of price increases had put half a million people out of work in the Summit countries alone.

The Venezuelan Energy Minister then shifted to the subject of North-South relations. He noted that despite the ten-fold increase in oil prices, Venezuelan citizens were still poor. He emphasized the need for a new approach to the international energy problem and the need for importers and exporters to work more closely together. He stressed the importance of including a call for such a new approach on global cooperation and energy problems in the Summit communique (the draft includes such language).

Calderon Berti then told me about his recent meeting with President Lopez Portillo in Mexico. They reached agreement on a plan whereby Venezuela and Mexico would equally share the burden of providing oil to needy Central American countries, providing 30% financing of these oil supplies. He stressed the political importance of this program and noted that President Lopez Portillo and President Herrera Campins would officially announce this initiative at their meeting in Costa Rica next month. He noted that representatives from the Venezuelan Government were visiting Central American countries to learn their reactions to the proposal, and should return within two weeks. After their return Calderon Berti indicated that he would call me to convey the various reactions.

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DECLASSIFIED  
Per: Rac Project  
ESDN: NLC-126-21-50-1-3  
BY: KS NARA DATE 12/23/13

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

June 17, 1980

①

SENSITIVE

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: Venice: Talking points on auto imports and other  
material for your meeting with the Japanese

As you requested yesterday, I am attaching three short pieces  
of paper:

1. Talking points
2. Possible answers to Japanese responses
3. Background material on the Japanese  
import penetration

The substance of the talking points has been cleared with  
Secretary Miller.

I suggest that you call Governor Askew and tell him what you  
intend to say to the Japanese.

Attachments

**Electrostatic Copy Made  
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1. Points to Raise with Japanese on Autos

- o I have made it very clear that I oppose both legislated and voluntary restraints on auto imports. It is vital that America complete its transition to fuel-efficient autos as quickly as possible. Especially during the period in which American capacity to produce fuel-efficient cars is limited, the reasonable availability of Japanese imports is critical.
- o At present, however, even the sales of our fuel-efficient cars are well below our manufacturers' capacity to produce them. Moreover, the political pressures on me to alter my position are immense and growing:
  - Indefinite layoffs in the auto industry are approaching 250,000 workers. Perhaps 400,000 additional workers are idle in supplier industries. While imports are not the principal cause of this unemployment, they have certainly been a contributing factor.
  - On June 11, seventy Senators cosponsored a resolution calling on the Administration to review its import policies in order to assess their possible effect on the domestic industry's effort to retool for lighter, fuel-efficient cars.
  - On June 12, the United Auto Workers petitioned the U.S. International Trade Commission seeking an increase in the tariff on Japanese automobiles and light duty trucks and requesting that strict quotas be imposed on both these products.
  - In my meeting with the major U.S. automakers, and in subsequent conversations that members of my Cabinet and their staffs have had with them, each of the companies has made it clear that they are extremely concerned with the current high level of Japanese car and light truck imports.

- o The U.S. auto producers point to two things which indicate, in their view, that the Japanese are seeking to take advantage of the situation in the United States in a way that may do long-term damage to our trade relationships:
  - the extremely high current rate of Japanese production >
  - the capacity addition plans of the Japanese auto producers >
  
- o With regard to the former, Japanese production rates have reached levels that the auto companies tell me we did not expect until two years from now. This has been obtained through an unprecedented use of overtime in Japan, while massive unemployment exists in the U.S. auto industry. As anxious as I am to keep the market open I cannot be indifferent to the short-term level of import penetration. If it were to stay at its currently high levels - and even more so if it were to increase as we move into the fall - it might impair the long-run ability of some of the domestic producers to complete their plans for downsizing by reducing their revenues and draining away their cash flow.
  
- o This short-term problem - however serious - might be manageable were it not combined with a longer-term problem. I am referring to what I understand to be Japanese automakers' plans for large future additions to capacity. The current high level of import penetration might be seen as a difficult but temporary phenomenon - one that will begin to subside as U.S. automakers introduce their new fuel-efficient and highly attractive cars. Yet, the capacity plans we see, when combined with the fact that the United States is the only major market in the world that is totally open to auto imports, implies that Japanese auto producers expect to capture a steadily rising share of the U.S. market. It would be a great mistake for the Japanese auto producers to misjudge the U.S. market or to misjudge the determination of the United States to maintain a healthy, efficient and competitive domestic automobile industry.
  
- o The current capacity addition plans of the Japanese producers thus create a short-run and a long-run problem, not just for the United States, but for both our countries. They give credibility to the claim

that the Japanese companies are currently creating major problems for our companies while they are in a temporarily-weakened financial condition, thereby generating pressures for short-run import restraint. They also create a potential long-run problem of worldwide overcapacity - something that would require painful readjustments in the future for the world's auto producers.

- o IF the U.S. International Trade Commission, a legally independent body, finds that Japanese imports have been and are likely to continue to be a significant cause of the domestic industry's current distress;

IF the share of the market taken by Japanese imports continues to depress domestic sales and at the same time no actions have been taken to ease the threat of a long-run capacity overhang;

THEN I will be under great - possibly irresistible pressure - to take actions to stem the tide.

2. Responses to Japanese Questions

Q. Are you asking us to restrict imports at the present time?

A. I am expressing my concern about the combined effect of large current imports and the long-term capacity plans of your automakers. Unless the threat of long-term capacity "overhang" is removed, I may be unable to refrain from taking steps to secure an import reduction.

Q. We have no way of influencing our auto industry unless we get a clear public signal from the United States. Are you willing to give such a signal?

A. I am willing to indicate publicly that I have spoken to you. In such a statement I would make clear my concerns about the potential effects of your companies' long-term plans for adding new capacity. I would not call for a voluntary restraint agreement on imports.

### 3. Background Data on Japanese Auto Imports

While it is well known that the Japanese have increased their share of the U.S. auto market in the last year and a half, the details of that penetration are important to an understanding of the threat posed by imports.

Table 1 (attached) shows that the increased import penetration was achieved not by expanding the import share in any major submarket, but by holding the earlier share in the rapidly expanding market for small cars. Overall import share jumped from 17.7 percent in 1978 to 27.8 percent for April and May of 1980. But the import share of each market segment (subcompact, compact, etc.) remained virtually unchanged.

What has also been happening is that General Motors has been winning share from Ford and Chrysler in all submarkets, but especially in the compact and intermediate submarkets. These losses by Ford and Chrysler have resulted in an overall decline in market shares for both companies of about 30 percent from the 1978 levels.

Table 2 shows the dramatic recent decline in car sales -- from 11.3 million cars in 1978 to a 7.8 million annual rate for April and May of 1980. Imports, however, increased over this period because of the large increase in Japanese imports. The Japanese share of total imports rose from 67.8 percent in 1978 to 81.5 percent in April and May of 1980.

The longer-term threat posed by Japanese production plans is illustrated in Figure 1. This figure shows the dramatic increases in planned U.S. small car capacity and the capacity additions planned by the Japanese. It is argued that, since other major markets are closed to them, the Japanese plans are based upon expectations of increasing their share of the U.S. market. It is this "capacity overhang" that we stress in your talking points.

Attachments

TABLE 1

Share of Automobile Market by Size Category  
(in percent)

	<u>GM</u>	<u>Ford</u>	<u>Chrysler</u>	<u>Other Domestic</u>	<u>Total Domestic</u>	<u>Total Import</u>	<u>Total</u>	<u>Size Category as Share of Market</u>
<u>CY-1978</u>								
Subcompact	18.7	14.5	7.3	1.7	42.2	57.8	100	25.8
Compact	37.3	34.3	15.3	5.7	92.6	7.4	100	21.5
Intermediate	63.9	21.2	14.6	0.3	100.0	--	100	27.0
Full-size	74.6	22.0	3.5	--	100.0	--	100	19.2
Luxury	54.4	26.1	--	--	80.4	19.6	100	6.5
Total	47.6	22.8	10.1	1.7	82.3	17.7	100	100.0
<u>CY-1980 - April and May</u>								
Subcompact	17.6	13.8	5.1	6.9	43.2	56.8	100	42.4
Compact	52.5	25.3	7.7	5.5	91.1	8.9	100	21.5
Intermediate	82.4	7.9	9.7	--	100.0	--	100	19.4
Full-size	72.2	20.8	7.0	--	100.0	--	100	11.5
Luxury	51.5	15.4	--	--	66.9	33.1	100	5.2
Total	45.6	16.0	6.5	4.1	72.2	27.8	100	100.0

TABLE 2

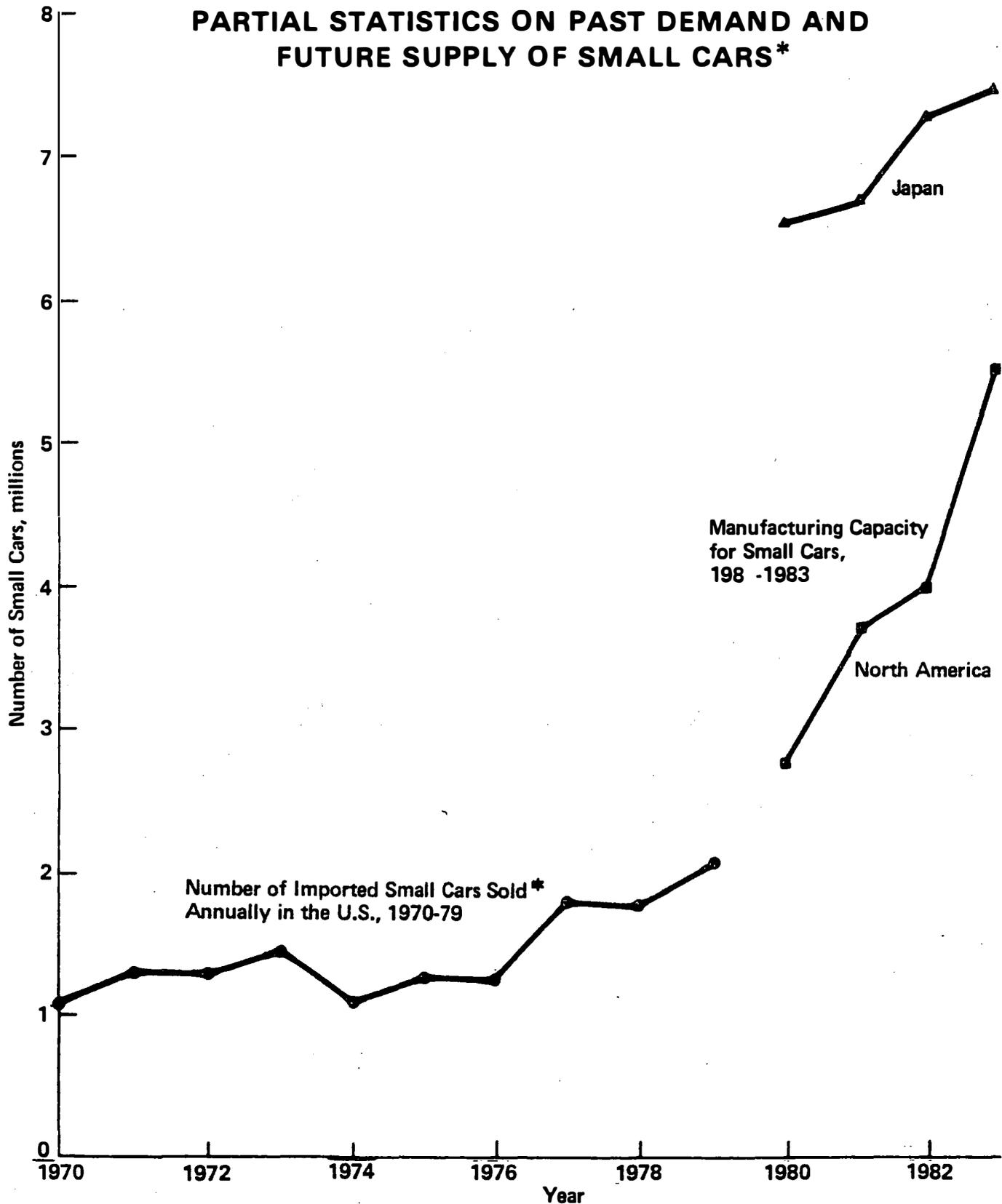
	<u>Total cars (millions)</u>	<u>Imports (millions)</u>	<u>Japanese Imports (millions)</u>	<u>Japanese Share of Total Imports</u>	<u>Japanese Share of all Small Cars**</u>
CY-1978	11.3	2.0	1.4	67.8	25.4
CY-1980 April and May	7.8*	2.2*	1.8*	81.5	35.9

\* Seasonally adjusted annual rate.

\*\* Defined as subcompacts and compacts.

Source: Treasury calculations using sales data from Ward's Automotive Reports. Size classification by Ward's for domestic cars and by Consumer Reports where available for import models. Vans are excluded.

FIGURE 1



\*NOTE: "Small cars" exclude "luxury" and "specialty" cars.

Luxury = Audi, Volvo, Saab, Peugeot, BMW

Specialty = Triumph, Porsche, Alfa Romeo, BL, Lancia

SOURCE: Department of Transportation

"Oct Box" 6/20/80

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<del>Affs</del> <del>olymp</del> <del>dit</del>	<del>H</del>	<del>ref</del> <del>Ref &amp; Is</del>	<del>El Salvador</del> <del>+ junta</del>	<del>Cuba</del> <del>refugees</del>	<del>OSCE</del> <del>ee-Ats-Sc</del> <del>8211</del>
<del>Mil bases</del> <del>+ for Spain</del> <del>fall negot</del>	<del>-</del>	<del>Summit</del>	<del>Ez Guinea</del> <del>us aid</del> <del>(vance promise)</del>	<del>- Gibraltar</del> <del>No US involve</del>	<del>not</del> <del>Spain?</del>

Socialist  
Felipe Gonzalez  
Def- us/sp- eur/sp  
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It/US Alliance - NATO - INF - Culture - Terrorism -  
Peace - Arms - Human Rts - Demos - Afghan services -  
US Force Medit - 300,000 - Indian Oc - East Asia  
Consultations - PM - FM - Pres



ABOARD AIR FORCE ONE

6/26/80

Mr. President--

Attached were just  
received.

You may want to make  
grammatical correction  
in arrival remarks for  
delivery.

If you want, Rick Hertzberg  
has offered to look at  
your remarks and draft  
language incorporating  
attached two papers. Rick  
is on AF1 in staff cabin.

--SSC

*Susan -  
Stick to  
what we  
have -  
one deletion*

[Salutations, if any, to  
be supplied by Advance,]

RICK Hertzberg  
Draft A-1, 6/13/80  
Scheduled Delivery:  
Thur, 6/26/80

*Susan  
ok  
J*

PORTUGAL -- arrival statement

I was extremely pleased to accept the invitation of  
President Eanes [pronounced Yannish] to visit Portugal on  
the occasion of my trip to Europe.

Portugal and the United States have an old and valued  
friendship. Our countries established diplomatic relations  
more than two hundred years ago. We appointed a Vice Consul  
to Ponta Delgada even before we had written our Declaration  
of Independence.

Beyond our official relations, the links between our  
countries have been nurtured by Portugal's greatest gift to *the*  
*United States -- some of her people who came to our country with*  
~~her people.~~ Today there are many thousands of Americans *a Pioneer spirit*  
*their family*  
who proudly preserve ~~the~~ heritage ~~they or their parents or~~  
~~grandparents brought with them~~ from Portugal.

*grammatical  
Correction received  
from Al Friedly  
8:45 am 8/24/80*

Portugal and the United States are both members of a  
*helps to guarantee our mutual security, but it*  
great Alliance. That alliance has become more than just a  
military defense pact. It reflects the basic commitment of  
all its members to freedom and democracy.

Over the past six years, Americans have watched and  
supported Portugal's successful struggle to build a democracy.  
That struggle has given hope to believers in democratic  
liberty all over the world.

For all these reasons, I am grateful for this opportunity  
to visit Portugal and ~~[of being able]~~ to meet with your country's  
leadership, ✓

As you know, I have just come from a meeting of heads  
of state in Venice. The need for consultation among allies  
*as this new decade begins.*  
has taken on a new urgency, ~~in this first half of 1980.~~ We  
have watched government-sponsored terrorism against American  
diplomats in Tehran. We have witnessed the Soviet invasion

of Afghanistan; and we have seen hundreds of thousands of refugees driven by oppression from their homelands in Southwest Asia, Indochina, and Latin America.

In contrast, the peoples of both Portugal and the United States live in peace and freedom, with respect for our neighbors and for our fellow citizens. Both our nations are engaged in helping the great <sup>numbers of human beings</sup> majority of ~~humanity~~ around the world ~~who are~~ <sup>oppressed or</sup> ~~which is~~ desperately poor. Both our nations are trying to build a better, more humane world. It is in that spirit that I look forward to these consultations with our Portuguese friends.

In the name of my fellow countrymen, let me express the special friendship Americans feel for the people of Portugal. To all Portuguese, I bring a warm American abraco [pronounced ah-BRAHSS-oh].

POTUS -

J.Y.I

Received

8:45 a.m.

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RE WIE 4845 1780442  
O 260450Z JUN 80  
FM THE SITUATION ROOM//SITTO 152//  
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6:54 AM

26 JUN 80

SITTO 152

FOR DELIVERY TO LES DENEND

TO: LES DENEND  
FROM: WILMA HALL

SUBJECT: LISBON STOP

ROBERT HUNTER CALLED AND WANTED TO PROVIDE A FEW WORDS THAT WOULD BE VERY NICE IF THE PRESIDENT USED IN HIS LISBON STOP, BUT YOU SHOULD CHECK FIRST WITH THE AMBASSADOR TO FIND OUT WHETHER THEY WOULD HAVE A BENEFICIAL IMPACT.

THE PORTUGUESE WORDS ARE FROM THE OPENING LINE OF A SONG/MARCH THAT WAS PLAYED TO TRIGGER THE REVOLUTION IN 1974. THE PRESIDENT COULD SAY SOMETHING LIKE "WE TOO WERE STIRRED BY THE WORDS OF THE MARCH: GRANDOLA, VILLA MORNEA." EVERYBODY WOULD UNDERSTAND THE AMERICAN SUPPORT FOR DEMOCRACY.

EVERYONE HERE HAS GONE FOR THE DAY SO I PASS ALONG HUNTER'S SUGGESTION FOR YOUR CONSIDERATION.

HAVE A BEAUTIFUL DAY . . .

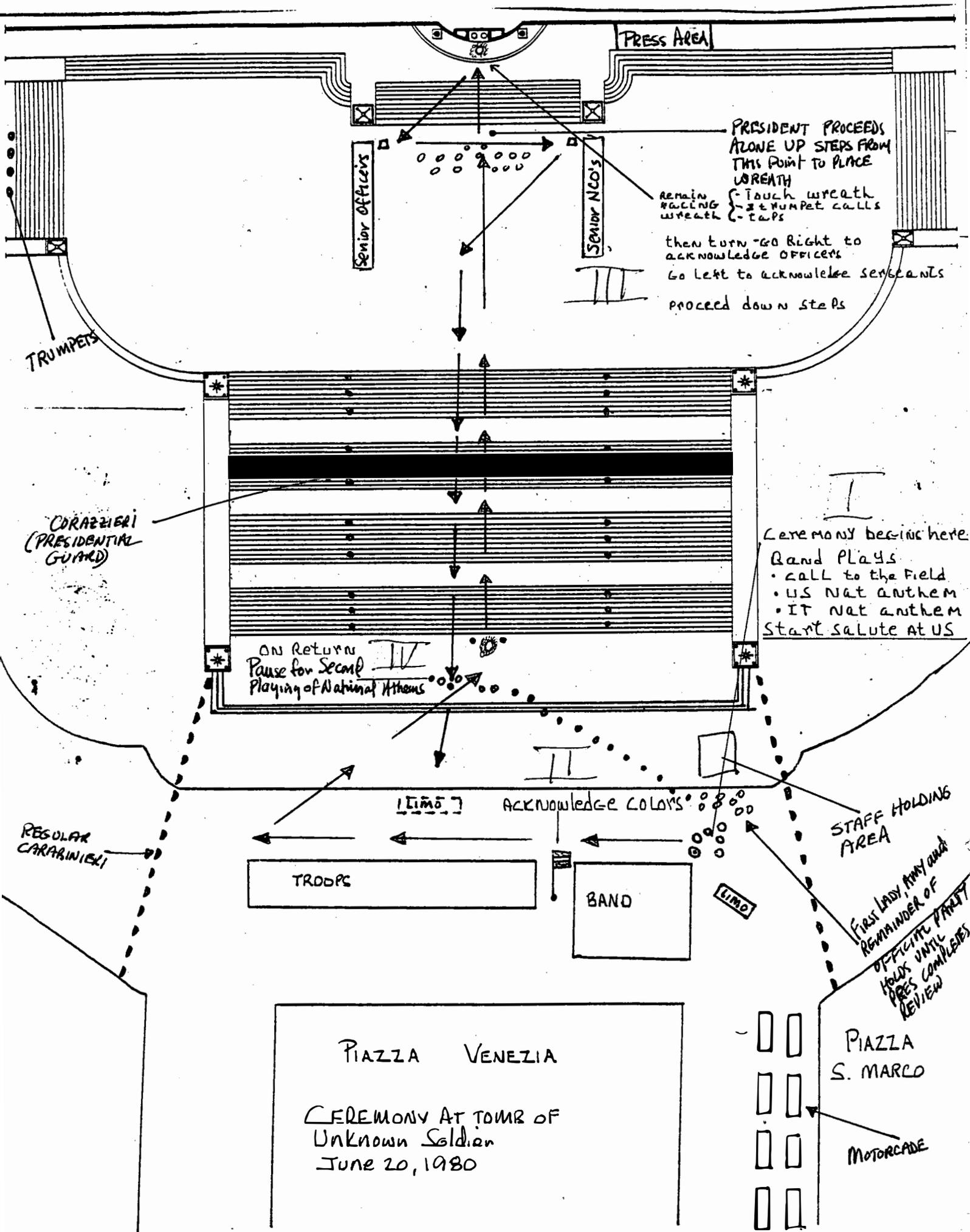
0160  
4845

GRAHN-DOH-LA

VEELA MOR-NEH-AH

NNNN

Electrostatic Copy Made  
for Preservation Purposes



PRESS AREA

PRESIDENT PROCEEDS ALONE UP STEPS FROM THIS POINT TO PLACE WREATH

Remain facing wreath  
 - touch wreath  
 - trumpet calls  
 - taps

then turn - go right to acknowledge OFFICERS  
 go left to acknowledge SERGEANTS  
 proceed down steps

Senior Officers

Senior NCO's

TRUMPETS

CARABINIERI (PRESIDENTIAL GUARD)

Ceremony begins here.  
 Band Plays  
 • call to the field  
 • US Nat anthem  
 • IT Nat anthem  
 Start salute at US

ON RETURN  
 Pause for Secmp  
 Playing of National Anthem

Limó ACKNOWLEDGE COLORS

TROOPS

BAND

STAFF HOLDING AREA

FIRST LADY, MRS and REMAINDER OF OFFICER PARTY HOLD UNTIL PRES COMPLETES REVIEW

REGULAR CARABINIERI

PIAZZA VENEZIA

CEREMONY AT TOMB OF UNKNOWN SOLDIER  
 JUNE 20, 1980

PIAZZA S. MARCO

MOTORCADE

1. Points to Raise with Japanese on Autos

- o I have made it very clear that I oppose both legislated and voluntary restraints on auto imports. It is vital that America complete its transition to fuel-efficient autos as quickly as possible. Especially during the period in which American capacity to produce fuel-efficient cars is limited, the reasonable availability of Japanese imports is critical.
- o At present, however, even the sales of our fuel-efficient cars are well below our manufacturers' capacity to produce them. Moreover, the political pressures on me to alter my position are immense and growing:
  - Indefinite layoffs in the auto industry are approaching 250,000 workers. Perhaps 400,000 additional workers are idle in supplier industries. While imports are not the principal cause of this unemployment, they have certainly been a contributing factor.
  - On June 11, seventy Senators cosponsored a resolution calling on the Administration to review its import policies in order to assess their possible effect on the domestic industry's effort to retool for lighter, fuel-efficient cars.
  - On June 12, the United Auto Workers petitioned the U.S. International Trade Commission seeking an increase in the tariff on Japanese automobiles and light duty trucks and requesting that strict quotas be imposed on both these products.
  - In my meeting with the major U.S. automakers, and in subsequent conversations that members of my Cabinet and their staffs have had with them, each of the companies has made it clear that they are extremely concerned with the current high level of Japanese car and light truck imports.