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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

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National Security Planning Group Meeting
May 16, 1986, 11:00 a.m.-12:00 noon, Situation Room

SUBJECT: Central America (S)

PARTICIPANTS:

The President

The Vice President

The Vice President's Office:
Mr. Craig L. Fuller

State:
Secretary George P. Shultz
Special Envoy Philip C. Habib
Assistant Secretary Elliott Abrams

Treasury:
Secretary James A. Baker, III

CSD:
Secretary Caspar W. Weinberger
Under Secretary Fred Ikle

CIA:
Director William J. Casey
Mr. Alan Fiers

JCS:
General S.A. Wickham, Jr.
LTG. John W. Moellering

White House

Mr. Donald T. Regan
Adm. John M. Poindexter
Mr. William Ball
Mr. Edward P. Djerjian

NSC:

Mr. Rodney B. McDaniel
Mr. Raymond F. Burghardt
LTC. Oliver L. North

Minutes

John M. Poindexter: The subject is Central America. We have two major sets of issues. One is the negotiating process and the status of Contadora. There is some uneasiness on the Hill with regard to the negotiating process which needs to be cleared up. The second issue is what to do legislatively on our package of \$100 million for the freedom fighters in Nicaragua. (S)

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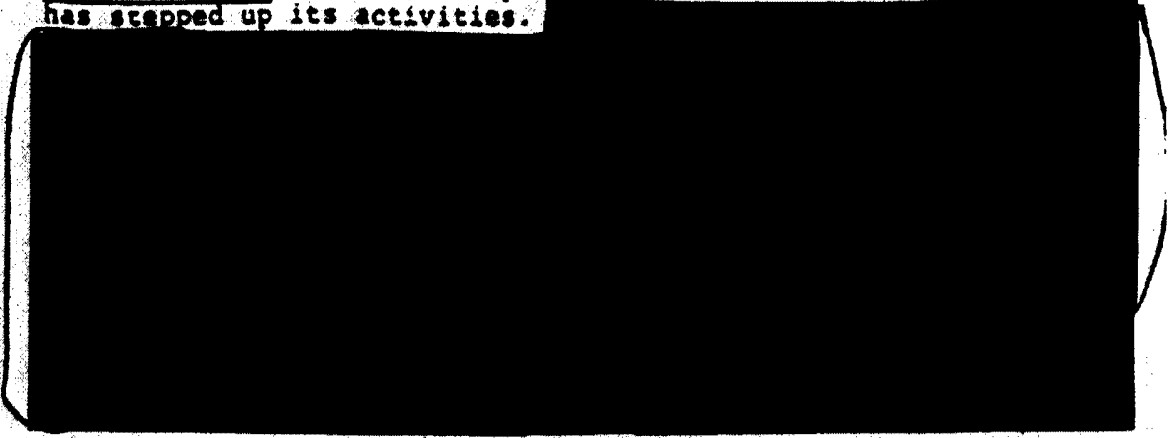
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The Contadora countries are meeting today in Panama and soon we will have the results of that important meeting, on how the negotiating process is going and how it will impact on our legislative package. We will begin with an intelligence briefing by Director Casey. (S)

FOIA(b)(1)

Director Casey: First, the positive news is that the resistance has stepped up its activities.



The bad news is that this situation could be reversed abruptly and dramatically in the next few months if new assistance is not available. The resistance had been operating on the assumption that new supplies would become available in May. The ammunition will soon run out at the present rate of use. There is less than \$2 million available from the original \$27 million in humanitarian assistance, which could last through July.

They lack quartermaster supplies to permit the resistance now is just subsisting. They have sufficient small arms and ammunition to maintain themselves for ninety days at current levels. But shortages are appearing already.



On the diplomatic front, we see the Nicaraguans dealing with the Contadora process to stall for time so that it can affect Congressional approval of aid for the resistance. The Sandinistas believe they can control the contras during 1986 if there is no new support given them. They know that if an agreement is not signed on June 6 and the negotiations go on, it will create great pressure on the U.S. to defer new aid to the contras. (S)

There have been no changes in the Sandinistas' domestic course. They have increased their dependence on the Soviets.



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FOIA(b)(1)

The main conclusion is that time is of the essence. Unless new support gets to the Nicaraguan resistance very soon, they will be forced to cut back and the Sandinistas will be able to control the situation. (S)

John M. Poindexter: Secretary Shultz will now discuss the diplomatic situation. (S)

Secretary Shultz: The Contadora countries are pressing for the signing of a final agreement on June 6. But the negotiating process doesn't start until today, so the chances of something really being accomplished by June 6 are not great, although not impossible. [Our effort has been to keep our friends in Central America bucked up so they take tough positions, so that any Contadora treaty they would be willing to sign has simultaneous provisions for the kind of internal reconciliation and change which we have advocated.] (S)

[Ray Burghardt made a trip to Central America earlier this week to follow up on the trip which Phil Habib had made earlier. The purpose was to see that our friends were firm on what is satisfactory or unsatisfactory.] (S)

It's a difficult business. On the one hand we have to have going a negotiating process, so that if we ever get a vote in Congress, we can show that both hats are in play. If we say we have no negotiating track, there is no chance for winning a vote in Congress. [There has been some concern and controversy, for reasons I do not fully understand, except for the great touchiness on the whole issue.] We have a negotiating process. And we have a first class negotiator. And we have to say that there is some agreement we could go along with. Otherwise, there is no negotiating process. [I know that this bothers some people.] (S)

Secretary Weinberger: We worry what might be signed. If on June 6 a treaty is signed which requires us to stop aiding the Contras and for foreign forces to be withdrawn, it will be difficult for us to resist. One of the bills passed, the one passed by the Senate, says that if an agreement is signed, the aid stops. The resistance will run out of steam in late June or early July. [There is a real need to bring pressure on some Contadora members, particularly Mexico, that they not sign an agreement in which requirements are only filled on the surface and there is no verification for democracy, the verification commission is not useful and the commission is not funded. We worry not that the negotiating process is going on, but that we resist or object to the kind of agreement that they might sign. There is a risk that a bad agreement will be signed.] (S)

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Secretary Shultz: No one has anything to say for a bad agreement. [Hardly anyone has anything to say for a good agreement. I don't see our best shot as trying to influence the Mexicans, who are completely on the other side.] Our best shot is the new Central American democracies. And Phil and Ray have been working with them. Those governments see themselves as having a stake in democracy. We have been encouraging them to be stronger and to define what they can go along with in an agreement. We think they are strong now. They don't need any arguments about rejecting a bad agreement. (S)

Secretary Weinberger: We need to take steps not to have a bad agreement signed, to make sure there isn't any possibility of that. (S)

Ambassador Habib: The Contadora negotiations have a history of three and a half years of fooling around in these negotiations. There have been various drafts. Some are not acceptable to anyone. Some at least have the right elements, but are not complete. In the last several weeks, the process has gained momentum again and the Latin Americans are trying to get an agreement. [At the same time, fortunately the four Central American democracies are playing a more active role than in the past. In the past, Contadora, particularly Mexico, dominated the process, and in ways unacceptable to us. We have found with the Central Americans -- and we have seen the presidents in each country and then Ray Burghardt, with Col. Conaway from Defense, made another working-level trip to meet with the ministers and vice ministers -- that they are now more united and taking strong positions. We should hear from Ray about that trip, to get the latest information. I plan to make another trip there next week.] (S)

We have stressed the need for a comprehensive agreement, not one which deals with bits and pieces, but one which includes the political and military elements we want and with verification. The Nicaraguans are trying to choose the bits and pieces they want. But we are insisting that all twenty-one points of the Contadora Document of Objectives have to be implemented -- not the security part without the political. We also have stressed everywhere the importance of verification. (S)

(The Mexicans are not willing to play the game as we wish, but, have their own agenda. In part, their own internal situation influences their attitude towards the Cubans and Nicaraguans.) But several weeks ago, the situation changed so that the Central American democracies became the key actors. They are threatened by communism. They are on the front lines. [Cerezo began by trying to play a neutral role. But now Cerezo is saying very clearly that he will not sign an incomplete agreement. Duarte also is very firm. Arias in Costa Rica emphasizes the political.]

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side. He tried at his inauguration to get the other countries to agree on a calendar for democratization in Nicaragua, but did not succeed; he may try again next week at the Central American summit in Guatemala. (S)

The Nicaraguan communists say they won't sign an agreement unless the U.S. stops its "aggression." I made it clear everywhere that we will not agree to any preconditions. Also, as Humberto Ortega, the Defense Minister stated two days ago, they will not make any concessions on the military side. They refuse to reduce their forces. (S)

Elliott Abrams: [REDACTED]

FOIA(b)(1)

Ambassador Habib: The position of the Nicaraguan communists is that they need a huge military force to defend themselves against us, not against their neighbors. Their neighbors do not accept or believe that argument. [We found in El Salvador and Honduras clear and strong positions on the important military issues. The Hondurans] also are pushing for a strong verification annex. On the political side, they are not as clear. Arias of Costa Rica preferred that Nicaragua be given a calendar which would state that certain things would happen on certain days, but it was not accepted and may not be. They may go for something more general, involving dialogue and amnesty. We are still urging them to accept a timetable, so that there are not gaps. (S)

There are obvious pitfalls. The Sandinistas could agree to sign, but leave verification procedures or other important issues to be negotiated before ratification. [We warned about this at every stop. We said nothing should be implemented until everything was agreed on and everything was all set.] We made clear that we are not bound to accept anything unless the processes for implementation and verification are agreed on. [I said -- and this raised some hackles -- that the Central Americans have to agree on a treaty, but we also have to agree. The Colombian foreign minister said they always had understood that if the Central Americans agreed, we would agree. I said we do not give over to others our security interests. I said we would not buy a pig in a poke.] (S)

Secretary Weinberger: But Congress has concluded that if the treaty is signed, we lose the aid to the contras. Therefore, we need to put some brakes on, so we don't see the contras endangered if they sign. (S)

Secretary Shultz: [In this town, there is an assault on Phil and on me and on the State Department for being involved in these negotiations.] If you destroy the idea of any negotiations, then you also destroy any possibility of getting a favorable vote in Congress. [Some would just like to see the contras achieve a military victory, but we do not have a majority vote for that.] (S)

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Secretary Weinberger: (There is no assault going on. (S))

Secretary Shultz: (I was assaulted by Jack Kemp in the Cabinet Room. (S))

Secretary Weinberger: We just have to make sure that the negotiations do not get out of our control. (We must pressure the Mexicans and the other countries, including using our economic policies. (S))

Secretary Shultz: (I'm afraid that their threat to default has more people scared than the Mexicans are worried about what we could do. (S))

Secretary Baker: I'm not sure it works there, Cap. (S)

Secretary Weinberger: We need to prevent them signing an agreement or else we will never get anything out of Congress. (S)

President Reagan: Some Congressmen comment that there might be an agreement in which the one thing lacking would be that the Sandinista government would have to submit itself to a redefinition of what kind of government they have. We would cut off our help for the contras but they would be left as the government. (S)

Ambassador Habib: The agreement provides for national reconciliation and for dialogue with the opposition, internal and external. It outlines what would be involved, including a lifting of censorship, elections. You and I know this would be a bitter pill for the Nicaraguan communists to swallow and they will try to maneuver out of it. There is a value in getting it written down as best as we can and to get the countries to lay down markers. (S)

Secretary Weinberger: Any way it is signed, it kills congressional aid for the contras. (S)

Secretary Shultz: I am agreeable if we do not want to have any negotiations and we make clear that there is no such thing as a good agreement. But that is not where we are and we can't be there and also get the contra vote. (S)

Director Casey: We can't put ourselves in the hands of [little Central American countries. If they sign, our security is at risk. We are in a box and I don't know how to get out of it. Perhaps we should seize the opportunity and turn the issue over to the OAS. (S)]

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Secretary Weinberger: We need to make every effort to ensure that the treaty is not signed on June 6. (S)

President Reagan: I have said that we will not agree or settle for any agreement which does not provide for democracy in Nicaragua. (S)

Ambassador Habib: Contadora is the diplomatic process right now. You have twelve non-communist Latin countries there who would be required to enforce a treaty. The Sandinistas would try to violate it. But they couldn't be let off the hook. The three parties most deeply interested are on our side -- Honduras, El Salvador and Costa Rica. They see the problem and the threat to their own security of the country next to them. (S)

Secretary Weinberger: The contras are the only real guarantee and if there is a signed agreement, they can't do it. (S)

Secretary Shultz: I would like the President to give us new instructions if what we are doing is wrong. We are carrying out the President's instructions. (S)

President Reagan: First, let's hear from Ray about his trip last week. (S)

Raymond Burghardt: We went to [Honduras, El Salvador and Costa Rica] to review [with the ministers and vice foreign ministers] some of the specific points in the negotiations [to make sure they understood the concerns we have about some of those points. We found that those three countries are prepared to present at the meeting in Panama from May 16-18 some very strong proposals, which would require Nicaragua to begin dismantling its military apparatus when the treaty goes into effect and would permit our friends to continue military exercises. They also have prepared a good verification annex for the security aspects of the treaty and will insist that the annex has to be an integral part of the treaty. The Sandinistas are likely to reject all these proposals. We did find, however, that the treaty draft supported by our friends still has the major weakness of not providing for a reliable mechanism to ensure Nicaragua's compliance with treaty's provisions for national reconciliation and democratization. We concluded that what is most likely to happen is that the Central American democracies will announce before June 6 that they are prepared to sign one version of a treaty, while the Nicaraguan government announces it is prepared to sign another version. We would therefore have an impasse in which there would be a public diplomacy contest between both sides. It will be important for us to support our friends and to portray the Nicaraguan position as intransigent.] (S)

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Secretary Shultz: We have spent the whole meeting on negotiations. But if we don't get money for the freedom fighters, they will be out of business. It is important that we get money to these people. We don't seem to be able to get a situation so that we can get a vote in the House of Representatives. We have some proposals. Some people want to go to the committees to reprogram some money. My feeling is that it would be better to go to other countries and get it there. The intelligence committee in the House is not with us. (S)

Don Regan: The contra assistance issue is now scheduled to be taken up on the military construction bill on June 9. The House will be in session for four days next week; then it recesses until June 4. If the vote is on June 9, we will have four days next week and four when they return. The milcon bill could come out of committee by June 28. If not, it won't be considered until after the July 4 recess. There is also a technical problem in trying to spend before October 1 funds for FY-87. So the next trick is to make possible spending those funds in FY-86. It is not impossible, but it is difficult. (S)

The unsettling thing about Phil's letter is that it has made some on the Hill afraid that we will abandon the contras before the treaty is in place, the contras are back in the country and running for elections. We need to reassure people on that. Ray and McCurdy are planning delegations to Central America starting this weekend. We need to put people with them. McCurdy has advocated two votes -- humanitarian aid, then after ninety days another vote. We need to wean him away from that on the basis of what he sees and hears. (S)

Ambassador Habib: We need to make sure he goes to the right places. He is not planning on going to El Salvador and Honduras. (S)

Admiral Poindexter: I understand he is going to Honduras, Nicaragua and Costa Rica. (S)

Ollie North: As of now, he does not plan to go to Honduras. (S)

President Reagan: The thing that some congressmen say, and they may be off base, is that they are afraid we could not give more to the contras after a treaty is signed. [The Sandinistas maybe would agree to receive no more aid from Cuba and the Soviet U. and would agree to stop support for subversion in other countries. But they will not agree to any possibility of stepping down and giving up control of their government. So we would end up with a Sandinista Nicaragua.] We need to prove that the main point of any settlement has to be to go back to the day the revolution against Somoza ended and enable the Nicaraguan people to decide what kind of government they want. That has to be opened up for determination. (S)

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Ambassador Habib: The ratification procedures could take several months. We would want to keep the contras in place so they are unaffected if the Sandinistas do not meet the commitments. (S)

President Reagan: If the negotiations we want are to be successful, we need the contras in place to provide pressure. (S)

Secretary Weinberger: If an agreement is signed on June 6, even with ratification and the establishment of a verification commission, Congress will say they don't want military pressure to go on. [So it is very important to prevent that] (S)

Admiral Poindexter: I think we need an NSDD with the President's guidance on the negotiating track. We have a dilemma: for there to be any chance of getting the money for the contras, we need a negotiating track, but there is no guarantee we won't get an agreement which we don't want. (S)

President Reagan: Yes, but we need to make the Hill understand that we all want a peaceful settlement, but the only hope is if the contras are a viable force. (S)

Admiral Poindexter: The legislation which passed in the Senate does not say that if an agreement is signed, the aid will end, but it lays out conditions for Nicaragua which are about the same as we have laid out. No matter what we decide on the negotiating track, we are not going to see the \$100 million for a long time. We need to figure out a way to sustain the resistance while we get the legislation passed. (S)

President Reagan: They are no help to us in the negotiations unless they are a viable force. We need to get that point across. (S)

Secretary Baker: [And they also need to be a viable force during the period of implementation of any agreement.] (S)

Ambassador Habib: [I saw three contra leaders in Miami and described to them where we stand in the negotiations. They have no problem with getting involved in national reconciliation talks.] (S)

Secretary Shultz: The suggestion is to go to the committees and persuade them to reprogram some money from Defense for non-military aid to the contras. Personally, I think it's breathtaking in improbability. It would be better to go to other countries. (S)

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Secretary Weinberger: Try everything. We should try every country we can find, the committees, and the people of the United States. If the contras are out of business in July, [we will have to fight there ourselves some day.] (S)

Secretary Baker: George says we now are in a different position with respect to approaching other countries. (S)

Ollie North: The FY-86 intelligence authorization bill permits the State Department to approach other governments for non-military aid. (S)

Secretary Shultz: However, if we approach the intelligence committees in Congress and are turned down, we then are in an equivocal position if we go to other countries. (S)

Director Casey: Haven't we approached other countries? (S)

Secretary Shultz: We have, but not with much success. (S)

Admiral Poindexter: But until now, we have not involved the President. (S)

Secretary Shultz: I'm talking about going to (Lee Kwan Yew,) saying we need some communications equipment. He figures out the cost and tells us the money is no problem, but he has to think about how to deal with our Congress, what the reaction might be. He still hasn't thought it through yet. (S)

Director Casey: The (Saudi, Israelis, South Koreans, Taiwanese) all have some interest. (S)

President Reagan: What about the private groups who pay for ads for the contras. Have they been contacted? Could they do more than ads? (S)

Don Regan: We have contacts. Anyway, the President can get friends on an emergency basis to get funds there. [But there is another idea which the President has discussed with me, which I can bring up because he probably is reluctant to do so. If a group in Nicaragua calls itself a government or if there is a group which creates a government in exile, that could also create a way to help them.] (S)

Secretary Weinberger: [We could then use the emergency provisions, just as we did for the Saudis.] (S)

Ollie North: [Or for (the Hondurans)] (S)

President Reagan: [Can't I recognize a government like that without action by Congress?] (S)

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Secretary Shultz: (Yes, you can. (U))

Ambassador Habib: (But the Nicaraguan resistance themselves have some strong reservations about doing that now without support from the other countries in the area. We would need to think it through. (S))

Secretary Baker: (There was a bill two years ago which had that proposal. The contras could approach the other countries.) (S)

Admiral Poindexter: We will work on an NSDD on the negotiating process. We will prepare it quickly and lay out where there are disagreements so we can put them before the President. George will prepare for the President a list of countries which could be approached. (We also will look hard at the issue of a new Nicaraguan government.) And Will Ball will discuss with Chaney and Michel the possibility of reprogramming, looking at what the damage would be if we tried and failed. (S)

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