

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ACTION

1386

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MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY A. KISSINGER ~~_____~~

SUBJECT: Air Defense Network for Algeria

The Algerians have approached Raytheon about purchasing an air defense communications network. For Raytheon to do this would involve items from the Munitions Control List for which Algeria is ineligible according to present policy--not by law--because it does not have diplomatic relations with the US. The question is whether we would except Algeria from the ban for this project. Secretary Rogers recommends we do so, but seeks your concurrence (attached).

What is involved is a \$60-\$80 million air defense network, essentially a radar system for all purposes including military. It is not an offensive system and no weapons would be involved--although obviously the net effect would be to improve Algeria's defense capability. The British, French and Italians are also interested.

The immediate operational question stems from the fact that the sale would have to include items from the Munitions List. Raytheon does not want to go ahead and prepare an offer without an understanding that the USG is prepared to exempt Algeria from the ban in this case. There is no legal inhibition; this would be strictly a policy decision. Raytheon will also need financing, but State has discouraged them from thinking about any USG assistance which is prohibited by law.

The broader issue is whether we want to take another step towards developing a presence outside the framework of formal political ties in the Mid East.

The Arguments

On the pro side, such a project would give us the first contact with the Algerian military since the 1967 break in relations and would dilute the Soviet position as the sole supplier of the Algerian air force. There

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would be advantage in a pragmatic broadening of our relationship with an important Arab state and no significant impact on the Arab-Israeli military balance because Algeria is so far from an active Arab-Israeli military front. Also among the advantages are the gain to US industry and the further broadening of the American technological and commercial presence in Algeria.

On the other hand, there is the argument that we do not see eye-to-eye on issues like Vietnam--although they have been helpful on the prisoner question--or the Palestine question. There is also the fact that Americans would be involved in helping Algeria strengthen its military defenses--with some effect on our friends in Tunisia and Morocco. The Secretary would propose briefing the Israelis at an appropriate time, putting it in the perspective that it is in our mutual interests to have an entree to the Algerian military and some leverage on the Soviet position there.

On balance, it seems to me that the US has an interest in developing a presence in the area which can supplement inter-governmental relations when they are at low ebb as now. In this connection, we have encouraged the private sector to look for opportunities. Raytheon's opportunity is one such case. Algeria is potentially one of the leaders of that area, and we have encouraged increasing--albeit commercial--ties with it.

RECOMMENDATION: That no objection be posed to Raytheon's bidding on this project and that State Department be authorized to provide necessary munitions export licenses.

Approve



Other _____

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