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THE SECRETARY OF STATE
WASHINGTON

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February 14, 1977

MEMORANDUM FOR: The President

FROM: Cyrus Vance

1. UK: The British Embassy confirmed to us privately this morning that the prognosis on Tony Crosland was very poor. Speculation has already started on who might succeed him. The strongest and most qualified candidate is probably Dennis Healey who is presently Chancellor of the Exchequer. Healey has long been close to Callaghan and is very pro-U.S., as well as a strong supporter of NATO. (I know him well and believe that he would make an excellent choice.) However, Healey is busy preparing the annual budget and negotiating with the trade unions to hold down wage increases. If Callaghan decides that he cannot release Healey from the sensitive Treasury post, the Prime Minister will probably choose one of several junior government ministers for the Foreign Secretary job. In any case, Callaghan will certainly pick a political moderate who can work well with us, and we can expect the British to keep up the momentum in preparing for the Callaghan visit here.

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2. Rhodesian Sanction Busting: Since we are making a major effort to repeal the Byrd Amendment in this country, you may be interested to know that many other nations pay lip service to the UN sanctions but do little to enforce compliance. South Africa facilitates sanction breaking by providing false certificates of origin and disguised trade channels. Rhodesian exports are often consigned to South Africa and re-exported. Although there are no official trade figures published by the Smith government, the relative health of its economy is testimony to widespread sanction busting. We lack detailed evidence on sanction violators although it is clear that the Japanese take more Rhodesian exports than any other country. West Germany is Rhodesia's largest trading partner in Western Europe but there is also substantial Rhodesian

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trade with the Netherlands, France, Belgium and Italy. Switzerland acts as Rhodesia's financial clearing house and dummy corporations in Lichtenstein also facilitate the Rhodesian trade.

Rhodesia's oil supply originates in Iran and is trans-shipped through South Africa. *ok*

If we are successful in repealing the Byrd Amendment, I will approach our friends in Western Europe and the Japanese about their sanction violations. Unless we can get our own house in order, however, we will have trouble persuading our allies to observe the sanctions.

3. Soviet Jewish Emigration: I am enclosing a report that is done monthly on the status of Jewish emigration from the Soviet Union. After several such reports, we will be able to determine how the Soviets have been behaving on the Jewish emigration since your inauguration.

4. Daily Reports: During my absence Warren will be sending you a daily report of key events that might be of interest to you. Starting on Wednesday, I will transmit to you a daily report from the Middle East. *C*

5. Report on Waldheim's Trip: Brian Urquhart, who made the Middle East and Cyprus trips with Waldheim, came in to see me today. He reported that the situation in Israel is quite rigid and the Israelis are inflexible now. There is no consensus in Israel or in Arab capitals as to how the PLO situation should be handled, but all the Arab governments insisted that the PLO be invited to any peace conference. Arafat, whom Waldheim also saw, was ambiguous about whether the PLO would participate in a Geneva meeting but wanted to receive an invitation in any case. In addition, the Waldheim mission got no clear definition of how the parties viewed an "ultimate settlement". The main thing to come out of the Waldheim mission is the generally accepted realization that it would be a mistake to hold a Geneva Conference until after the Israeli elections. This is some progress as Waldheim had been pressing for an early meeting before the parties could complete the necessary ground work.

Urquhart also gave me a quick briefing on Cyprus after having reported at greater length to Clark Clifford.

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During January the Netherlands Embassy in Moscow processed 1294 Soviet emigrants with exit visas for Israel. Although this was less than the monthly figure for October, November or December, end-of-year figures are usually higher than the rest of a year. The January 1977 figure was considerably higher than January of 1976, when 1064 emigrants were processed.

The United States Embassy processed 223 emigrants with exit visas for the United States during January, 22 of whom were Jews -- a very low proportion. In December 48 of 206 had been Jews, and 79 of 120 were Jews in January 1976.

The drop-out rate of Soviet emigrants who left the USSR with exit visas for Israel but opted in Vienna to settle in other countries was a high 57 percent during January; 1245 arrived in Vienna and 711 dropped out.

There were continued reports from Soviet Jews of increased difficulty in receiving through the Soviet mail the invitations from abroad which aspiring emigrants must submit with their exit visa applications, and in Kiev the authorities have told some families that they could not apply for exit visas for the United States to join relatives who had departed with exit visas for Israel. We are not aware of any prominent Jewish emigration cases being resolved during the month; neither did the level of harassment of applicants appear to increase. One disturbing development was the showing of an "anti-Zionist" movie on Soviet national television and the appearance of several articles in the central press which apparently were meant to discourage potential emigrants from applying to emigrate.

Let's prepare a full case for Belgrade(?) to assess
Helsinki: Be sure our own skirts are clean.

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Urquhart characterized this weekend's agreement between the Greek and Turk Cypriots to resume inter-communal negotiations as a positive step though the fundamental problems remain. I emphasized to him that we wish to work within the UN framework in facilitating a solution to the problem. He said that he appreciated this and that he and the Secretary General would look forward to our help on this matter.

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