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[ 11 | 1975 ]

1A

Ed



1B

THE WHITE HOUSE  
WASHINGTON

*Gen Searcy*



10

THE PRESIDENT HAS SEEN....

Dear Mr. Ford, President of the United States, Washington, D. C.

On leaving your great country it is highly gratifying to convey to Mr. President and Mrs. Ford as well as American officials in my own name and on behalf Mrs. Sadat, my family, and my party our heartfelt appreciation and profound appreciation for the warm reception and cordiality afforded us during our stay in your lovely country.

I wish also to express our sincere thanks to Senators and Congress Members. I was very happy for having the chance to address them. It pleases me to add that this visit has given us the opportunity to receive and touch the aspect of progress and advancement achieved by the USA in many different fields.

I am very confident that the meetings and the fruitful talks that we had with each other will certainly contribute to a great extent to strengthen the ties of friendship and cooperation existing between our two countries. As a matter of fact, I would like to inform you also that Egyptian people while following the news of this historic visit sense the rapid development of the mutual confidence growing between our two people. And we on our part have a growing conviction that the serious efforts exerted by the USA will play a vital role on the way leading to the comprehensive settlement in the Middle East.



Relating to this it pleases me much to hail the sincere efforts especially that made by Your Excellency and Dr. Henry Kissinger. It also reflects the seriousness and dedication in finding more resolutions for an apparent international problem and it also reflects noble spirit.

Aspiring for peace and progress while extending to you, Mr. President, my sincere greetings, I wish you the best of health and happiness as well as continued progress, advancement, and prosperity for the friendly American people.

With assurance of my esteem and highest appreciation,

Muhammad Anwar Sadat





NOV 1967



Department of State

TELEGRAM

~~SECRET~~

PAGE 02 STATE 289624

OUR AMBASSADOR TO THE UNITED NATIONS, ON MY INSTRUCTIONS, HAS STATED EMPHATICALLY IN THE SECURITY COUNCIL THAT WE STRONGLY DEPLORED THE ISRAELI ATTACKS AND CONSIDERED THEM DISPROPORTIONATE TO THE PROVOCATION. WE HAVE BEEN DEEPLY MOVED BY THE HUMAN TRAGEDIES RESULTING FROM THOSE ATTACKS. IN THESE CIRCUMSTANCES, OUR NEGATIVE VOTE WAS CAST WITH A HEAVY HEART. WE MADE A MAJOR EFFORT TODAY TO PERSUADE OTHER MEMBERS OF THE COUNCIL TO AGREE TO SOME ADDITIONAL LANGUAGE IN THE RESOLUTION WHICH WOULD HAVE RECOGNIZED THAT THE ISRAELI ACTION AGAINST PALESTINIAN COMMANDO INSTALLATIONS IN AND NEAR THE REFUGEE CAMPS IN LEBANON CANNOT BE JUDGED IN ISOLATION FROM THE FACT THAT INNOCENT ISRAELI LIVES HAVE RECENTLY BEEN LOST AS A RESULT OF COMMANDO ATTACKS. WE WERE NOT SEEKING A RESOLUTION WHICH WOULD HAVE EQUATED ONE ACTION WITH THE OTHER, BUT MERELY SOME REFERENCE TO THE CONTEXT IN WHICH THE ISRAELI ATTACKS TOOK PLACE. I ALSO RECOGNIZE THAT YOUR GOVERNMENT WAS UNDERSTANDING OF WHAT WE WERE SEEKING TO ACCOMPLISH, BUT THE FORCES ALIGNED AGAINST US COULD NOT BE OVERCOME.

HAD WE NOT VOTED AGAINST THE SECURITY COUNCIL RESOLUTION, THOSE WHO ARE SEEKING TO UNDERMINE OUR STRATEGY FOR ACHIEVING A JUST AND LASTING PEACE IN THE MIDDLE EAST WOULD HAVE BEEN GIVEN A MAJOR WEAPON TO USE AGAINST US. FURTHERMORE, FAILURE TO OPPOSE A RESOLUTION WITHOUT ANY BALANCING ELEMENT IN IT WOULD HAVE STRENGTHENED THE HAND OF THOSE IN ISRAEL WHO SEEK TO FRUSTRATE THE PEACE-MAKING PROCESS. IN DECIDING TO VOTE AS WE DID IN NEW YORK, WE HAVE HAD TO KEEP IN MIND THE NEED TO CONSERVE OUR INFLUENCE FOR THE DIFFICULT TASK THAT STILL LIES AHEAD IF WE ARE TO SUCCEED IN THE LONG-TERM STRATEGY FOR PEACE THAT YOU AND I HAVE SO OFTEN DISCUSSED. OUR DETERMINATION TO CONTINUE OUR EFFORTS WAS CLEARLY DEMONSTRATED IN THE POSITION WE TOOK IN THE SECURITY COUNCIL DEBATE ON EXTENDING THE UN FORCES ON THE GOLAN HEIGHTS WHEN, AS YOU KNOW, WE STAYED FIRMLY ON COURSE DESPITE SEVERE PRESSURES ON US TO VETO THAT RESOLUTION AS WELL.

~~SECRET~~





Department of State

TELEGRAM

~~SECRET~~

PAGE 03 STATE 289624

I HOPE THAT THE FOREGOING COMMENTS WILL HELP YOU, MR. PRESIDENT, IN UNDERSTANDING THE DIFFICULT CONSIDERATIONS WE HAD TO WEIGH IN DECIDING UPON THE ACTION WE TOOK IN THE CURRENT SECURITY COUNCIL DEBATE.

SINCERELY YOURS,

GERALD R. FORD

END MESSAGE. KISSINGER

~~SECRET~~



NOV 1974







S/S# 7601260

Date JAN 28 1976

DEPARTMENT OF STATE  
EXECUTIVE SECRETARIAT  
TRANSMITTAL FORM

FOR: Mr. Brent Scowcroft  
National Security Council  
The White House

REFERENCE: Attached letter

TO: President Ford                      FROM: President Sadat  
DATE: Jan 11, 1976                      SUBJECT: Sadat visit to the US

WHITE HOUSE REFERRAL DATED: \_\_\_\_\_ NSC# \_\_\_\_\_  
(if any)

THE ATTACHED ITEM WAS SENT DIRECTLY  
x TO THE DEPARTMENT OF STATE

ACTION TAKEN:

- \_\_\_\_\_ A draft reply is attached.
- \_\_\_\_\_ A draft reply will be forwarded.
- \_\_\_\_\_ A translation is attached.
- \_\_\_\_\_ An information copy of a direct reply is attached.
- x We believe no response is necessary for the reason cited below.
- \_\_\_\_\_ Other

REMARKS: Attached is the signed original letter from President Sadat to President Ford which was transmitted telegraphically by Cairo 371, January 11, 1976, SECRET/NODIS/ No response is required in that Sadat's letter is in response to President Ford's letter of December 9, 1975.

*R. L. WILMANTIN*  
FOR George S. Springsteen  
Executive Secretary

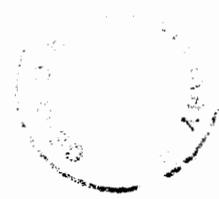


Dear Mr. President,

I was very pleased to receive your kind letter of December 9, 1975. May I seize this opportunity to reiterate how much Mrs. Sadat and I have enjoyed our visit to your great and hospitable country?

As I have mentioned to you, our stay was extremely fruitful and rewarding. Above all, it was an opportunity for us to meet again with you and your wonderful family in an atmosphere of genuine friendship and understanding. I have always found you a statesman of vision and compassion. Your concern for peace and cooperation among nations is most genuine and reassuring.

Under your wise and enlightened leadership, the United States is highly qualified to play the constructive and positive role which is commensurate with its awesome global responsibilities. The Middle East problem is a good case in point, where a consistently positive American



(2)

role is vital for achieving progress in the interest of World peace as well as the interest of our region. With this in mind, I hasten to add that we expect the United States to spare no effort in the quest for a just and durable peace settlement. I am certain that you realize the importance of making a significant breakthrough in the coming few months with respect to the issue of the Palestinian people. There have been some encouraging signs recently in this connection and I hope this trend will continue, for it would definitely stimulate the process of peace. The renewed assurance which your letter spelled out with regards to your Government's determination not to allow the slackening of your efforts toward peace is well received and appreciated. I was pleased also to receive the information Ambassador Eilts conveyed to me upon his return to Cairo relative to the American position.

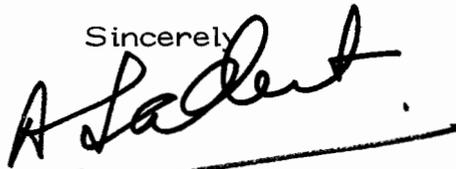
As to the bilateral relations between our two peoples and countries, I am pleased to note that they



are developing in the manner we envisage and along the lines we laid down together. I have no doubt that they will continue to develop further in the months to come. You may rest assured that we, on our part, remain most willing and ready to do all what we can to enhance our mutual cooperation.

In conclusion, I would like you to know that we went back home with the best memories of the American people and their warmth. Wherever we went, we were surrounded by friendly and hospitable people. Please convey to everyone we met during our stay and in particular Mrs Ford our heartfelt gratitude and sincere thanks.

Sincerely



Mohammed Anwar El Sadat.

His Excellency  
Gerald Ford  
President of the United State  
Washington.



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# NSC CORRESPONDENCE PROFILE

DOC		RECD			LOG NBR	INITIAL ACTION O
MO	DA	MO	DA	HR	7600578	<i>Colby</i>
1	28	1	29	10		

**SOURCE/CLASS/DESCRIPTION**

TO: PRES \_\_\_\_\_ FROM: KISSINGER, H \_\_\_\_\_

KISSINGER \_\_\_\_\_ COLBY, W \_\_\_\_\_

SCOWCROFT \* \_\_\_\_\_ SCHLESINGER, J \_\_\_\_\_

DAVIS \_\_\_\_\_ ST EX SEC \* \_\_\_\_\_

REFERENCE: 7601260 CIRCLE AS APPROPRIATE

UNCLAS LOG IN/OUT \_\_\_\_\_

LOU NO FORN NODIS

C EYES ONLY EXDIS \_\_\_\_\_

S CODEWORD \_\_\_\_\_

TS SENSITIVE \_\_\_\_\_

SUBJECT: *Ack ltr to Pres from Sadat re thanking Pres for hospitality during recent visit & expressing expectations for continued US effort re Middle East War*

**DISTRIBUTION/INITIAL ACTION ASGMT**

INTERNAL ROUTING AND DISTRIBUTION		ACTION	INFO.	REC CY FOR	ACTION REQUIRED
ADVANCE CYS TO HAK/SCOWCROFT					MEMO FOR HAK _____
STAFF SECRETARY					MEMO FOR PRES _____
FAR EAST					REPLY FOR _____
SUB-SAHARAN AFRICA					APPROPRIATE ACTION _____
MID EAST / NO. AFRICA / SO. ASIA	*				MEMO _____ TO _____
EUROPE / CANADA					RECOMMENDATIONS _____
LATIN AMERICA					JOINT MEMO _____
UNITED NATIONS					REFER TO _____ FOR: _____
ECONOMIC					ANY ACTION NECESSARY? _____
SCIENTIFIC					CONCURRENCE. <i>NO NOD</i> _____ <i>X</i>
PROGRAM ANALYSIS					DUE DATE: <u>(2-5)</u>
NSC PLANNING					COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
CONGRESSIONAL					
OCEANS POLICY					
INTELLIGENCE					

TYPE: *H5*

**SUBSEQUENT ROUTING/ACTIONS**

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
<i>1/29</i>	<i>Niehaus</i>	<i>NSC/S</i>		<i>Coacme in NEN. Rosamary</i>	

**NSC/S INSTR**

DISPATCH \_\_\_\_\_

CY RQMTS: SEE ABOVE PLUS: \_\_\_\_\_

NOTIFY \_\_\_\_\_ & DATE \_\_\_\_\_ BY \_\_\_\_\_

SPECIAL DISPOSITION: \_\_\_\_\_

CROSS REF W/ \_\_\_\_\_

SUSPENSE CY ATTACHED: *NO* FOLDER: \_\_\_\_\_

MICROFILM & FILE RQMTS: \_\_\_\_\_

M/F: *1976* BY *AO*

CRT ID: \_\_\_\_\_

OPEN \_\_\_\_\_

CLOSE \_\_\_\_\_

SA SF \_\_\_\_\_

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WH EP \_\_\_\_\_

PA DY \_\_\_\_\_



Department of State

TELEGRAM

WJH

~~SECRET~~ 0603

PAGE 01 STATE 152938

60  
ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 R

DRAFTED BY NSC:RNIEHUSS:CEK  
APPROVED BY P - MR HABIB  
NEA - MR DUBS  
NSC - MR. HOUGHTON (PHONE)  
S/S -O:LRMACFARLANE

003668

O 202355Z JUN 76  
FM SECSTATE WASHDC  
TO AMEMBASSY CAIRO IMMEDIATE

~~SECRET~~ STATE 152938

EXDIS

E.O. 11652: GDS

TAGS: PFOR, US, EG

SUBJECT: PRESIDENTIAL MESSAGE TO PRESIDENT SADAT  
REF: SECTO 17005 (CLEARANCE ON TEXT)  
1. PLEASE CONVEY THE FOLLOWING MESSAGE FROM PRESIDENT FORD  
TO PRESIDENT SADAT:

2. BEGIN TEXT:

DEAR MR. PRESIDENT: I WANT TO EXPRESS PERSONALLY TO YOU  
MY DEEP APPRECIATION FOR THE EFFECTIVE AND TIMELY ASSIS-  
TANCE PROVIDED BY YOU AND YOUR GOVERNMENT FOR OUR  
SUCCESSFUL EFFORT TO BRING A SUBSTANTIAL NUMBER OF  
AMERICAN AND OTHER FOREIGN NATIONALS IN BEIRUT TO SAFETY.  
ENSURING THE WELL-BEING OF OUR CITIZENS WAS A MATTER OF  
MAJOR IMPORTANCE TO US, AND IT COULD NOT HAVE BEEN AC-  
COMPLISHED WITHOUT THE FACILITATIVE CONTACTS UNDERTAKEN  
BY THE EGYPTIAN GOVERNMENT. THIS OF COURSE WAS A PARTI-  
CULARLY TRAGIC TIME FOR US, AND THE SYMPATHY AND COOPERA-  
TION OF FRIENDS SUCH AS YOURSELF WAS THEREFORE ALL THE MORE

WJH 3/3/04  
~~SECRET~~  
5



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Department of State

TELEGRAM

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PAGE 02 STATE 152938

APPRECIATED. I LOOK FORWARD TO FURTHER COOPERATIVE EFFORTS BY EGYPT AND THE UNITED STATES TOWARD RESTORING PEACE AND STABILITY, NOT ONLY TO LEBANON BUT TO THE MIDDLE EAST AS A WHOLE. WARM PERSONAL REGARDS, GERALD R. FORD.

ROBINSON

SECRET



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Department of State

TELEGRAM

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PAGE 02

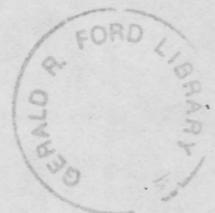
STATE 180857 TOSEC 190002

ELSEWHERE. IN DISCUSSING THE PARTICULARS OF THE SECURITY SITUATION THE PLO REPRESENTATIVE CITED SUCH MATTERS AS PRESIDENT ASSAD'S RECENT SPEECH WHICH HE CALLED UNHELPFUL, THE FAILURE OF THE TRUCE AT TEL ZATAAR AND THE UNCERTAINTY SURROUNDING THE PLO DELEGATION WHICH HAS DEPARTED FOR DAMASCUS FOR DISCUSSIONS WITH THE SYRIANS.

YOU WILL REALIZE THAT THIS MESSAGE RESULTS IN AMERICAN CITIZENS BEING HELD AS HOSTAGE TO THE POLITICAL SITUATION IN LEBANON. AS YOU KNOW THIS WOULD BE AN IMPOSSIBLE SITUATION. I THEREFORE ASK YOUR HELP FOR OUR GETTING AMERICAN CITIZENS OUT OF BEIRUT BY ANY MEANS AVAILABLE, INCLUDING BY LAND OR BY SEA, AS WAS DONE PREVIOUSLY. IN ORDER TO PREVENT A MAJOR CALAMITY FOR ALL WE ARE TRYING TO ACHIEVE IN THE MIDDLE EAST, I WOULD BE GRATEFUL IF YOU WOULD GET IN TOUCH WITH THE PLO LEADERSHIP WITHOUT DELAY AND EXPRESS TO THEM IN THE STRONGEST TERMS THE NEED TO FACILITATE THE EVACUATION OF OUR CITIZENS FROM BEIRUT. UNQUOTE

2. FYI. WE WANT THIS MESSAGE TO GET TO THE PLO FROM THE HIGHEST LEVELS OF EGYPTIAN GOVERNMENT AND THEREFORE ARE NOT INSTRUCTING SEELYE TO CONVEY IT TO THE EGYPTIAN AMBASSADOR IN BEIRUT. END FYI. ROBINSON

~~SECRET~~





Department of State

TELEGRAM

~~SECRET~~

NO0167

*L.H.L.  
W.H.*

PAGE 21

CAIRO 09945 222146Z

COPY 19 OF 15 COPIES.

63

ACTION NODS-00

INFO OCT-01 150-00 /001 W

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC FLASH 5487

~~SECRET~~ CAIRO 9945

NODIS

DEPT PASS SECRETARY FROM AMBASSADOR:

E.O. 11652: GDS

TAGS: PFOR AEMR US LE

SURJ: LETTER FROM PRESIDENT SADAT TO PRESIDENT FORD RE  
BEIRUT EVACUATION

REF: (A) STATE 181222 (B) CAIRO 9876 (C) CAIRO 9892

1. AT 2300 LOCAL FAHMY'S CHIEF OF CABINET, USAMA AL-BAZ, CAME  
BY THE RESIDENCE TO DELIVER PRESIDENT SADAT'S REPLY TO PRESIDENT  
FORD'S LETTER ON THE BEIRUT EVACUATION (REF A). TEXT  
OF PRESIDENT SADAT'S LETTER, DATED JULY 22, FOLLOWS:

2. QUOTE

DEAR MR. PRESIDENT,

I RECEIVED YOUR LETTER, DATED JULY 22, IN WHICH YOU  
INFORMED ME OF THE WAY THE PLO REPRESENTATIVE REACTED TO  
YOUR EMBASSY'S REQUEST IN CONNECTION WITH THE EVACUATION  
OF AMERICAN CITIZENS FROM BEIRUT. AS YOU WELL KNOW,  
I CONSIDER THIS SUBJECT A MATTER WHICH DESERVES ATTENTION,  
FOR I AM QUITE AWARE OF ITS SENSITIVE NATURE. YOUR INTEREST  
IN PURSUING IT IN FULL DETAIL IS MATCHED BY MY EARNEST DESIRE  
TO SEE IT HANDLED IN A POSITIVE AND CONSTRUCTIVE MANNER.

I WANT YOU TO KNOW THAT UPON RECEIVING YOUR LETTER, I

~~SECRET~~

*W.H. 3/3/04*





Department of State

TELEGRAM

~~SECRET~~

PAGE 02

CAIRO 09945 222145Z

SENT AN URGENT MESSAGE TO THE PLO LEADERS URGING THEM IN THE MOST UNEQUIVOCAL TERMS TO RESPOND TO YOUR REQUEST FAVORABLY.

I BELIEVE THAT THEY WILL BE COOPERATIVE WITH YOUR EMBASSY STAFF AS THEY HAVE BEEN IN SIMILAR CASES IN THE PAST.

ALTHOUGH I PREFER TO PRESERVE JUDGMENT ON THE MATTER UNTIL I RECEIVE THE NECESSARY CLARIFICATIONS, MY INITIAL INCLINATION IS TO DISMISS THE POSSIBILITY THAT THE PALESTINIANS ARE HOLDING YOUR NATIONALS AS HOSTAGES FOR POLITICAL PURPOSES. THEY HAVE NOT DONE SO IN THE PAST AND THERE IS NO REASON WHY THEY SHOULD CHANGE THEIR ATTITUDE NOW. YOU MIGHT AGREE WITH ME THAT THEY HAVE HANDLED THIS SUBJECT WITH COMPASSION, UNDERSTANDING AND A SENSE OF RESPONSIBILITY.

AT ANY RATE, YOU MAY REST ASSURED THAT MY MESSAGE TO ARAFAT AND HIS COLLEAGUES WAS VERY CLEAR AND I HAVE EVERY REASON TO BELIEVE THAT IT WILL BE FRUITFUL. I SENT THAT MESSAGE URGENTLY, IN THE SAME SPIRIT THAT PROMPTED YOU TO WRITE TO ME ON THE SUBJECT. I APPRECIATE YOUR RENewed PLEDGE TO WORK WITH ME TOWARDS THE ESTABLISHMENT OF A JUST AND LASTING PEACE IN THE MIDDLE EAST.

WARM PERSONAL REGARDS.

MOHAMMED ANWAR EL SADAT  
UNQUOTE  
KILTS

OC/T NOTE: THIS TEL HAS NOT BEEN RELATED TO SECRETARY.

~~SECRET~~





Department of State

WH  
TELEGRAM

~~SECRET~~ 4505

PAGE 01 STATE 185262

11  
ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 CCO-00 /026 R

DRAFTED BY NEA/BWG:MDRAPER:JR  
APPROVED BY THE SECRETARY  
NEA:ALATHERTON  
P:PHABIB  
NSC:ROAKLEY  
S/S-O: MTANNER

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O 270740Z JUL 76 ZFF4  
FM SECSTATE WASHDC  
TO AMEMBASSY CAIRO NIACT IMMEDIATE

~~SECRET~~ STATE 185262

EXDIS

E.O. 11652: GDS

TAGS: PFOR, US, EG

SUBJECT: PRESIDENTIAL MESSAGE TO PRESIDENT SADAT

1. PLEASE CONVEY THE FOLLOWING MESSAGE FROM PRESIDENT FORD TO PRESIDENT SADAT.

2. DEAR MR. PRESIDENT:

ONCE AGAIN I OWE YOU MY DEEP GRATITUDE FOR THE TIMELY AND POSITIVE EFFORTS MADE BY YOU AND YOUR GOVERNMENT IN SUPPORT OF OUR OBJECTIVE OF BRINGING A SUBSTANTIAL NUMBER OF AMERICAN AND OTHER FOREIGN NATIONALS OUT OF BEIRUT TO SAFETY. AS YOU KNOW, I WAS VERY MUCH CONCERNED NOT ONLY WITH THE WELLBEING OF OUR CITIZENS BUT ALSO WITH THE DIFFICULTIES WE ENCOUNTERED TEMPORARILY WHEN ATTEMPTING TO TAKE THEM OUT BY ROAD CONVOY TO DAMASCUS.



~~SECRET~~  
b/a 2/3/04

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Department of State **TELEGRAM**

~~SECRET~~

PAGE 02 STATE 185262

WITH A GROWING RECORD OF SUCCESSFUL COOPERATION IN MANY AREAS, I TRUST THAT EGYPT AND THE UNITED STATES WILL CONTINUE TO MOVE FORWARD IN FURTHER EFFORTS TO RESTORE PEACE AND STABILITY TO THE MIDDLE EAST.

WARM PERSONAL REGARDS,  
GERALD R. FORD KISSINGER

~~SECRET~~



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9a

THE WHITE HOUSE  
WASHINGTON

November 30, 1976

Dear Mr. President:

Ambassador Eilts delivered your letter of October 14, 1976, to me. I am pleased that you are giving your personal attention to strengthening the Egyptian economy. As you know from our talks in Salzburg, I share your conviction that this is a matter of the highest priority. The economic health of Egypt is important for the welfare of your people and for the peacemaking process in which Egypt, under your leadership, must continue to play a vital and indispensable role. For our part we intend to continue to provide substantial economic assistance to Egypt and to encourage others to do the same.

I understand that you are considering further economic policy measures in consultation with the International Monetary Fund. I recognize the political problems that sometimes accompany even the best economic policy decisions. I also recognize that only you can make the decisions as to what will best serve the interests of your country. My own judgment is that the immediate problems arising from sound albeit difficult economic decisions will be more than compensated by a greater willingness on the part of potential donors to increase assistance to Egypt in its economic recovery.

Ambassador Eilts also reported your thoughts of developing an economic partnership with the Federal Republic of Germany. My Government has already been in touch with Foreign Minister Genscher on your idea of a German financial advisor. Ambassador Eilts will report to you in detail about our discussions with our German friends.

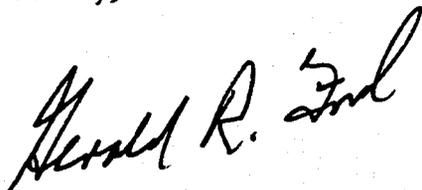


He will also inform you about our continuing contacts with other friendly governments to assure priority attention to Egypt's needs. We shall continue these efforts and at the same time look with you for ways to make our own help to Egypt more timely and more effective.

Concerning overall United States policy toward the Middle East, you can be certain that I will emphasize to President-Elect Carter our firm conviction that the pursuit of a just and durable peace in the Middle East should have the highest priority. I fully understand the need for further movement toward this objective in the months ahead, and I will certainly work to impress upon the new Administration the importance of seizing upon the currently favorable climate.

Mrs. Ford joins me in extending to you and Mrs. Sadat our warmest personal wishes, recalling with utmost pleasure our memorable meetings with you and your family.

Sincerely,

A handwritten signature in cursive script that reads "Gerald R. Ford". The signature is written in dark ink and is positioned below the word "Sincerely,".

His Excellency  
Anwar El-Sadat  
President of the Arab Republic of Egypt  
Cairo



96

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

6085

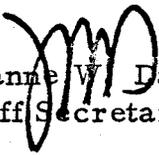
December 1, 1976

MEMORANDUM FOR:

Mr. C. Arthur Borg  
Executive Secretary  
Department of State

SUBJECT: Presidential Letter to President Sadat--S/S 7622517

In response to your recommendation of November 9, enclosed is the President's reply to President Sadat's letter of October 14 for transmission to our Embassy in Egypt.

  
Jeanne W. Davis  
Staff Secretary



NATIONAL SECURITY COUNCIL

6085

December 1, 1976

FOR JEANNE W. DAVIS



Jeanne -

The President has now signed the reply to President Sadat, so you can send the attached to Mr. Borg. I recommend that you precede it by sending an LDX version over this afternoon.

*LDX copy there  
one to NSC/S to send  
to State for dispatch*

Robert B. Oakley

THE WHITE HOUSE SITUATION ROOM

TIME SENT:

76 DEC 1 PM 3 42

RECEIVED:

*mg*

DEPARTMENT OF STATE

1976 DEC 1 PM 3 48

WHITE HOUSE  
SITUATION ROOM  
LDX NR: 518

PAGES: 3

DESCRIPTION/COMMENT

CIA _____	DIA/C _____
STATE <i>A</i> _____	DIA/H _____
NMCC _____	TREAS _____
ANMCC _____	NPIC _____
NSA _____	ERDA _____

FROM: *Jeanne W. Davis*

TO: *C. Arthur Borg*



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DEC 1 4 56 PM '76  
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COUNCIL

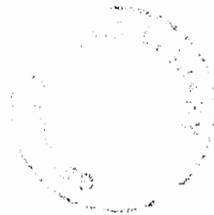
92  
THE WHITE HOUSE  
WASHINGTON

December 1, 1976

To Secretariat:

Please be sure that Rosemary  
Niehuss sees this before it  
is dispatched. Thanks.

*Jane*  
Jane Pisano



MEMORANDUM

THE PRESIDENT HAS SEEN

8/11/30/76

98

THE WHITE HOUSE  
WASHINGTON

6085

~~SECRET~~ (GDS)

ACTION  
November 29, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT *BS*

SUBJECT: Letter from President Sadat on Egyptian  
Economy -- Proposed Reply

President Sadat has sent you the letter at Tab B asking our assistance in convincing the West Germans to join in an "economic partnership" with Egypt. Sadat's plan is to increase FRG loan assistance and to provide a West German economic advisor to counsel the Egyptians on ways to bolster their economy. Sadat asked Ambassador Eilts to personally hand-carry this letter to Washington when the Ambassador returned here for consultations three weeks ago.

As elaborated in his private meeting with Eilts just prior to the latter's return here (Tab C), Sadat continues to press for expanded Western aid as well as assistance from Arab oil producers in order to bolster his sagging economy. He has made clear his appreciation for U.S. economic aid and influence with other Western donors, while expressing dissatisfaction with Arab assistance. Based on recent talks with Chancellor Schmidt, Sadat believes that West Germany could afford to be of greater help to Egypt, beginning with an increase in FRG loan assistance and technical advice from a West German economic advisor. He urges our intercession with Schmidt to encourage the FRG to respond positively to Egypt's request. Secretary Kissinger has asked Ambassador Eilts to assure Sadat that we will speak to Schmidt after December 14, when the newly elected FRG government formally takes office. A West German economic advisor to Egypt has in fact already been named, but we plan to pursue with Schmidt some of the broader commitments Sadat has proposed.

Although Egypt has succeeded in getting substantial assistance over the past two years, its economy is still floundering because of bureaucratic ineptness, confusion about how to move from the tight



Subject to GDS of E. O. 11652  
Automatically downgraded at two-year  
Intervals and Declassified on  
December 31, 1984

~~SECRET~~ (GDS)

Wa 3/3/04

socialist system established by Nasser to the more liberal system favored by Sadat, and the unwillingness of Sadat's government to take the basic steps recommended by the USG, IMF, Saudi Arabia and others to put the economy on a more solid basis.

After more than a year of careful study, the International Monetary Fund recently presented a series of specific proposals to Egypt to restore Egypt's credit-worthiness and thus form the basis for attractive Western donor aid. Sadat believes that some of the proposals would have serious political and social ramifications and is therefore reluctant to adopt them, although he is studying the IMF package. We have strongly encouraged Sadat to accept the IMF recommendations, as have other Egyptian creditors, including Saudi Arabia and Kuwait.

The proposed reply for your signature at Tab A would convey to Sadat our continuing determination to assist Egypt with its economic problems, including the encouragement of other potential donors. It again urges Sadat to accept the IMF recommendations as an essential step to longer-term improvement in Egypt's situation and an important factor in the decisions of other donors on whether and how much to assist Egypt.

Finally, the proposed reply informs Sadat that, in connection with the transition, we will make every effort to impress upon the new Administration the importance of making further progress in the Middle East negotiations. In messages through Ambassador Eilts and to the Secretary, Sadat has expressed serious concern that the peace-making process not be jeopardized or allowed to drift because of a change in Administration and has indicated his strong hope that you will indicate to President-Elect Carter the importance of further progress.

RECOMMENDATION:

That you sign the letter of reply to President Sadat at Tab A.  
(Text cleared by Mr. Smith (Hartmann).)



**THE ARAB REPUBLIC OF EGYPT**  
**THE PRESIDENT**

October 14, 1976.

Dear Mr. President,

In these busy days when you are doubling your effort in the service of your nation and the promotion of World peace, I hasten to convey to you my best wishes for success and fulfillment. The contacts we held since you assumed the awesome responsibility of your office and the manner in which you have been directing the course of the United States foreign policy demonstrate beyond any doubt your determination to work for the improvement of the quality of life everywhere. I hope that you continue to render such invaluable service to your people and the World at large.

As you well know, Mr. President, strengthening the Egyptian economy is a matter of great importance and top priority to me. I am quite confident that we can surge ahead and surmount all the difficulties and hardships we are confronted with at the present time. Such difficulties are the result of the cumulative impact of factors you are familiar with.



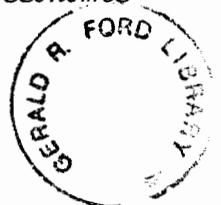
**THE ARAB REPUBLIC OF EGYPT**  
**THE PRESIDENT**

( 2 )

We are determined to spare no effort to remedy the situation and put our economy in a state of sound equilibrium. In this respect, we realize that the responsibility is ours and we are more than willing to shoulder it. We also welcome the cooperation of those friends who share with us our vision of a World of prosperity and happiness. I am in close touch with my fellow Arab leaders and other friendly heads of states, among whom you rank highly.

We also solicit the advice and expertise of international banking and finance institutions. As you recall, we have reached an understanding with respect to a consortium of Western nations to help us overcome the problem of liquidity. With your help, I have been urging the Governments of Western Europe to move forward in this direction promptly enough to meet the challenge ahead.

In this connection, I talked with Chancellor Schmidt during my recent visit to his country about selecting an economic



**THE ARAB REPUBLIC OF EGYPT**  
**THE PRESIDENT**

(3)

expert to be loaned to the Egyptian Government as an adviser on economic affairs. In addition, he promised me, in view of our urgent need, to deposit a sizeable amount up to the year 1980 in our National Bank as a measure aimed at bolstering our economy. It was clear to me from our conversation that it would be much easier for the Chancellor to take these steps after the elections, which is only understandable. Hence, I heard from him lately on the appointment of the economic adviser and I expect to hear soon on the promised deposit. It would be most useful, President Ford, if you send him a special message recommending taking such a step as soon as possible. I am sure he values your opinion highly. If the deposit is made in the immediate future, it could make a tangible difference and encourage us to concentrate on dealing with the structural aspects of our economic problems. This technique has been tested successfully in such European countries as Italy.

Considering the urgency of this matter, I am asking Ambassador Eilts to deliver this message personally to you. I



**THE ARAB REPUBLIC OF EGYPT**  
**THE PRESIDENT**

(4)

have no doubt that you will accord it your direct attention and give the necessary directives to our friend, Secretary Kissinger, to contact Chancellor Schmidt and his assistants on the subject. I would be grateful if you keep me informed of the outcome of your contacts with Bonn. I hope I did not encroach on your precious time in these demanding days. Please convey our best wishes to Mrs. Ford.

Sincerely



Mohammed Anwar El - Sadat

His Excellency  
Gerald Ford  
President of the United States  
Washington.



DEPARTMENT OF STATE

Memorandum of Conversation

EXDIS

DATE: Thursday,  
October 14, 1976  
Place: Barrages

SUBJECT:

PARTICIPANTS: Anwar al-Sadat, President of the Arab Republic of Egypt  
Hermann Frederick Eilts, Ambassador to the Arab Republic  
of Egypt

After giving me his letter to President Ford and asking me to read it, President Sadat said he wished to explain what is behind the letter. His main concern, he emphasized, is the Egyptian economy. American aid has been "wonderful" and he was most appreciative. As far as the Arabs are concerned, when he asked for GODE, Saudi Arabia, Kuwait, the Emirates and Qatar finally approved the paltry sum of \$2 billion over five years. The President said he is preparing a letter to the Arab heads of state contrasting the \$1 billion he gets annually from the United States with the \$2 billion which he is to receive over five years from the four Arab nation states, which have an income of \$50 billion a year. The Arabs, Sadat remarked ruefully, like to "stay away from their pockets". They must understand, however, that the "blood of my soldiers in the October, 1973 war" was shed for them as well as Egypt.

The President said he had long pondered what the alternatives might be. He could not ask us for more, since we have already been most generous. He had then thought of the FRG. Both the FRG and Saudi Arabia, he observed, are wealthy. When he had met with Chancellor Schmidt in Bonn, they had talked for three hours. It was the first time he had met the Chancellor, who had been well prepared for the meeting by Secretary Kissinger. In a nice gesture, Schmidt had the night before Sadat's arrival raised the level of FRG assistance to Egypt from 300 million DM to 500 million. Sadat gave Secretary Kissinger credit for this FRG action. Additionally, according to Sadat, Schmidt had "promised" that after the German elections, he would "think of putting some

NEA/EGY: Ambassador Eilts:pm  
(Drafting Office and Officer)

DECLASSIFIED  
E.O. 12958, SEC. 3.5  
STATE DEPT, GUIDELINES state review 9/16/03  
BY           , NARA. DATE 3/3/04



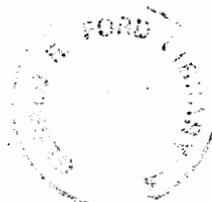
of his dollars in a bank in Egypt". Such an action would help Egypt's acute liquidity problem. The President repeatedly emphasized that he was not asking the FRG for grants, but for loan assistance.

Egypt needs an active partner, Sadat continued, to give satisfaction to his Arab colleagues who can thereafter better understand GOE needs. The FRG, as he conceptualized his idea, would be GOE's "partner". It can afford to help Egypt, since it has the skills and technology to assist in rebuilding Egypt. Whatever technology he might need, the FRG could provide. This would be beneficial to both parties. Again, the President emphasized, he was not asking for grants, but for long-term loans and for help in converting short-term loans to long-term loans.

In rebuilding Egypt, he wished to concentrate on food production and industrialization. The five-year plan about to be finalized emphasizes food production, fertilization, cement and sponge iron plants. The FRG can help provide much of this.

By 1980, the President opined, GOE's financial situation should be much improved. When he had visited the Suez Canal a few weeks ago, he had been told that income from tolls stood at \$1.2 million per day and was still rising. David Rockefeller was coming in a few days to arrange a \$250 million GODE guarantee loan. Another direct \$250 million GODE loan would shortly be arranged. With these loans, and some additional small income, he could get through the current calendar year. But there remain the problems of 1977 and of the intervening years between now and 1980.

For Egypt's future economic salvation, petroleum production is a must. There is oil under the Gulf of Suez. Alluding to his talk of the previous day with Standard of Indiana Chairman Swearingen, he expressed concern about the Israeli actions in stopping Amoco from drilling on the eastern side of the Gulf. Egypt needs a one million BPD production by 1980. "Your people say it is quite easy, especially on the eastern side." Swearingen had told him of sixteen sites in the eastern area. The oil would be "easy to drill if the Israelis would permit." Time should not be lost. Otherwise his target would not be achieved. It takes two to three years to develop a field. He was asking President Ford and Secretary Kissinger to do their utmost to enable Amoco to drill in the eastern Gulf. He did not want to use force since he had committed



himself in Sinai II not to do so for three years. I told him you were aware of the problem, had already spoken twice about it to Allon and that some progress had been made. He was pleased.

Noting that the UNEF mandate is to be renewed on October 24, Sadat asked if I thought it might help pressure the Israelis if he renewed it only for three months. I gave him my personal view that this was hardly likely to be helpful and would be viewed by many as a violation of Sinai II. Sadat accepted my comment and said he would drop this idea. He would renew the UNEF mandate for a year.

Reverting to his earlier theme that by 1980 Egypt's economic situation should be improved, he thought this was very feasible. The two phases of Suez Canal expansion which are contemplated should help greatly. The first, which involves dredging now being done by the Japanese, should be completed by 1978. The second, involving widening, should be completed by 1980. In his judgement, Canal tolls would at that time be tripled and go up to about \$1 billion per year. It is the next two or three years that will be difficult.

He had chosen the FRG as a "partner". Since Saudi Arabia is currently earning between \$27 and \$28 billion which it cannot spend, the Germans could obtain some funds from Saudi Arabia. He understood that Schmidt had agreed to send two economic advisors to Saudi Arabia. He had, therefore, asked Schmidt also to send a financial advisor to Egypt to assist in vetting the five-year plan and implementing it. Such an individual could help determine priorities between now and 1980. Schmidt, Sadat said, has now agreed. (The German Ambassador knew of no such agreement.) Sadat wished to go beyond this, however, and urge the Germans to be his "partner". What he needs, they can provide from "their pockets or those of Saudi Arabia"—not in grants, but in loans. Iran is also "more than willing to help". Thus, Germany, working with Saudi Arabia and Iran, should be able to assist Egypt in meeting its needs and determining its priorities. Sadat was sure that "we will never differ because we will not hide anything" from the German financial advisor.

I took the opportunity to remind Sadat that one of the major problems we have encountered in our "hat passing" exercise is the unhappiness of donors—Western, Arab, Japan and Iran—that GOE has not yet accepted the IMF recommendations.

~~SECRET~~

- 4 -

I had to tell him in all frankness that, while we recognize the political problems that acceptance might entail, I thought he would have difficulty getting any responsible Western state to assist if these recommendations are not soon accepted. Sadat responded that total acceptance would create political, social and security problems. Nevertheless, the IMF recommendations can be accepted "step by step". I then mentioned the vast amounts that are required for the Egyptian subsidy program. Sadat agreed, but said basic consumables must be subsidized. He then observed that perhaps he could "compensate" the necessary subsidy payments from defense expenditures. Defense now costs GOE LE 1,200,000,000 per year. He could perhaps take LE 400 million from this "in two years". Asked what Gamasy's reaction to this might be, Sadat acknowledged it would be bad. But Gamasy, he argued, would not have to spend one cent for the military. GOE will be asking the Emirates to pay all equipment costs for the military.

When I asked Sadat for specific details of what he had in mind for the German "partnership" concept, he was vague. He had obviously not thought out these aspects. Nor had he yet discussed it with the West German Ambassador in Cairo. The idea had come to him only a few days ago. He did not want to do so until he knew our reaction and whether we would be willing to commend it to the West Germans. He felt that the subject was sufficiently important to him that I should go back and present it.

Throughout his presentation, Sadat kept asking "do you get the picture". He was concerned that he might not be presenting it as well as he might and attributed this to the fact that he was fasting.

~~SECRET~~



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DEPARTMENT OF STATE

Washington, D.C. 20520

7622517

November 9, 1976

~~SECRET~~

EXDIS

MEMORANDUM FOR MR. BRENT SCOWCROFT  
THE WHITE HOUSE

Subject: Letter to President Ford from  
President Sadat of Egypt

President Sadat asked Ambassador Eilts October 14 to hand carry to Washington the enclosed letter to President Ford. In his letter Sadat proposes obtaining on loan an economic expert from the Federal Republic of Germany and accepting Chancellor Schmidt's offer of a sizeable deposit until 1980, apparently of U.S. dollars, in the Egyptian National Bank. Sadat asks President Ford to send the Chancellor a special message recommending the FRG assist Egypt in this manner.

There is also enclosed a memorandum of conversation drafted by Eilts after his October 14 meeting with Sadat at which he received Sadat's letter for the President.

A suggested reply from President Ford to Sadat is attached.

C. Arthur Borg  
Executive Secretary

Attachments:

1. Suggested Reply to Sadat
2. Sadat-Ford letter, October 14, 1976
3. Eilts' Memorandum of Conversation with Sadat October 14, 1976

~~SECRET~~  
GDS

3/3/04



6085 Re-do

NATIONAL SECURITY COUNCIL

November 15, 1976

FOR GENERAL SCOWCROFT

Brent,

Attached is the package for the President seeking his signature on a reply to President Sadat on Egyptian economic problems.

At John Methany's request, we added an additional paragraph on page 2 of the proposed Presidential reply concerning efforts to impress upon the new Administration the need for continued progress in the Middle East negotiations. This was done in light of the most recent message to the Secretary from Sadat (attached behind the State memo and draft reply) in which Sadat expressed the strong hope that the President would make this point to President Elect Carter.

  
Bob Oakley

PS. I have checked this at  
informally with Ray  
Atherton. He agrees it is  
a useful addition.



MEMORANDUM

6085

*Send to Conner  
ofc 11/29 1100  
9k*

NATIONAL SECURITY COUNCIL

~~SECRET~~ (GDS)

ACTION  
November 11, 1976

*Tab  
I & A  
retyped*

MEMORANDUM FOR BRENT SCOWCROFT

FROM: ROBERT OAKLEY *RO*  
ROBERT HORMATS *RH*

SUBJECT: Letter to the President from President Sadat on Egyptian Economy

State (attached) has forwarded the letter from President Sadat which was hand-carried to Washington by Ambassador Eilts last month, along with a proposed reply, reflecting the efforts we have already made to encourage the FRG to be helpful to Egypt and our position that Egypt should accept the IMF proposals for reform of the Egyptian economy.

Attached at Tab I is a self-explanatory package which you could send to the President proposing a letter of reply to President Sadat. The text of the reply has been coordinated with Mr. Smith (for Mr. Hartmann). NEA informs us that the Secretary did review the State package and proposed reply and approved its transmittal to you.

[FYI: As of this date, to our knowledge there has been no message from Sadat to the President after the elections.]

RECOMMENDATION: That you forward the package at Tab I to the President.

Denis Clift concurs.



\_\_\_\_\_ APPROVE

\_\_\_\_\_ AS AMENDED

~~SECRET~~ (GDS)

*ba 2/13/04*



Dear Mr. President:

Ambassador Eilts delivered your letter of October 14, 1976, to me. I am pleased that you are giving your personal attention to strengthening the Egyptian economy. As you know from our talks in Salzburg, I share your conviction that this is a matter of the highest priority. The economic health of Egypt is important for the welfare of your people and for the peacemaking process in which Egypt, under your leadership, must continue to play a vital and indispensable role. For our part we intend to continue to provide substantial economic assistance to Egypt and to encourage others to do the same.

I understand that you are considering further economic policy measures in consultation with the International Monetary Fund. I recognize the political problems that sometimes accompany even the best economic policy decisions. I also recognize that only you can make the decisions as to what will best serve the interests of your country. My own judgment is that the immediate problems arising from sound albeit difficult economic decisions will be more than compensated by a greater willingness on the part of potential donors to increase assistance to Egypt in its economic recovery.

Ambassador Eilts also reported your thoughts of developing an economic partnership with the Federal Republic of Germany. My Government has already been in touch with Foreign Minister Genscher on your idea of a German financial advisor. Ambassador Eilts will report to you in detail about our discussions with our German friends.



He will also inform you about our continuing contacts with other friendly governments to assure priority attention to Egypt's needs. We shall continue these efforts and at the same time look with you for ways to make our own help to Egypt more timely and more effective.

Concerning overall United States policy toward the Middle East, you can be certain that I will emphasize to President-Elect Carter our firm conviction that the pursuit of a just and durable peace in the Middle East should have the highest priority. I fully understand the need for further movement toward this objective in the months ahead, and I will certainly work to impress upon the new Administration the importance of seizing upon the currently favorable climate.

Mrs. Ford joins me in extending to you and Mrs. Sadat our warmest personal wishes, recalling with utmost pleasure our memorable meetings with you and your family.

Sincerely,

His Excellency  
Anwar El-Sadat  
President of the Arab Republic of Egypt  
Cairo



9.10.76

THE WHITE HOUSE  
WASHINGTON

Dear Mr. President:

*strong thinking*

Ambassador Eilts delivered your letter of October 14, 1976, to me. I am pleased that you are giving your personal attention to ~~rebuilding~~ the Egyptian economy. As you know from ~~your~~ talks in Salzburg, I share your conviction that this is a matter of the highest priority. The economic health of Egypt is important for the welfare of your people and for the peacemaking process in which Egypt, under your leadership, ~~will~~ <sup>must</sup> continue to play a vital and indispensable role. ~~The recently announced reorganization of your Cabinet is especially noteworthy in reflecting the importance you attach to economic matters.~~ For our part we intend to continue to provide substantial economic assistance to Egypt and to encourage others to do the same.

*I understand*

~~In this connection, I know from Ambassador Eilts that you are considering further economic policy measures in consultation with the International Monetary Fund. I recognize the political problems that sometimes accompany even the best economic policy decisions. I also recognize that only you can make the decisions as you judge what will best serve the interests of your country. My own judgment is that the immediate problems arising from sound economic decisions will be more than compensated for by a greater willingness on the part of potential donors to increase assistance to Egypt in its economic recovery, and by the long-term benefits to the Egyptian people.~~

*albeit difficult*

Ambassador Eilts also reported your thoughts of developing an economic partnership with the Federal Republic of Germany. My Government has already been in touch with Foreign Minister Genscher on your idea of a German financial advisor. Ambassador Eilts will report to you in detail about our discussions with our German friends as ~~we pursue our efforts with them on your behalf.~~

~~Ambassador Eilts will also be able to inform you about~~ <sup>will</sup> our continuing contacts with other friendly governments to assure priority attention to Egypt's needs. We shall continue these efforts and at the same time look with you for ways to make our own help to Egypt more timely and more effective.

<sup>overall</sup>  
Finally, concerning <sup>the</sup> United States policy toward the Middle East, you can be certain that ~~Secretary Kissinger~~ and I will emphasize to President-Elect Carter ~~and his designated representative~~ <sup>him</sup> our conviction that the pursuit of a just and durable peace in the Middle East should have <sup>the highest</sup> very high priority. I fully understand the need for further movement toward this objective in the months ahead, <sup>and</sup> ~~particularly given the greatly improved present prospects for peace in the area.~~ I will certainly work to impress upon the new Administration the importance of seizing upon ~~this favorable~~ <sup>the currently</sup> ~~situation and not allowing time to run out.~~

<sup>favorable climate.</sup>  
Mrs. Ford joins me in extending to you and Mrs. Sadat our warmest personal wishes, recalling with utmost pleasure our memorable meetings with you and your family.

Sincerely,

His Excellency  
Anwar El-Sadat  
President of the  
Arab Republic of Egypt  
Cairo



9m

6085

~~SECRET~~ (GDS)

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Letter from President Sadat on Egyptian Economy -- Proposed Reply

President Sadat has sent you the letter at Tab B asking our assistance in convincing the West Germans to join in an "economic partnership" with Egypt. Sadat's plan is to increase FRG loan assistance and to provide a West German economic advisor to counsel the Egyptians on ways to bolster their economy. Sadat asked Ambassador Eilts to personally hand-carry this letter to Washington when the Ambassador returned here for consultations three weeks ago.

As elaborated in his private meeting with Eilts just prior to the latter's return here (Tab C), Sadat continues to press for expanded Western aid as well as assistance from Arab oil producers in order to bolster his sagging economy. He has made clear his appreciation for U.S. economic aid and influence with other Western donors, while expressing dissatisfaction with Arab assistance. Based on recent talks with Chancellor Schmidt, Sadat believes that West Germany could afford to be of greater help to Egypt, beginning with an increase in FRG loan assistance and technical advice from a West German economic advisor. He urges our intercession with Schmidt to encourage the FRG to respond positively to Egypt's request. Secretary Kissinger has asked Ambassador Eilts to assure Sadat that we will speak to Schmidt after December 14, when the newly elected FRG government formally takes office. A West German economic advisor to Egypt has in fact already been named, but we plan to pursue with Schmidt some of the broader commitments Sadat has proposed.

Although Egypt has succeeded in getting substantial assistance over the past two years, its economy is still floundering because of bureaucratic ineptness, confusion about how to move from the tight



Subject to GDS of E. O. 11652  
 Automatically downgraded at two-year  
 Intervals and Declassified on  
 December 31, 1984

~~SECRET~~ (GDS)

bn 3/3/04

**socialist system established by Nasser to the more liberal system favored by Sadat, and the unwillingness of Sadat's government to take the basic steps recommended by the USG, IMF, Saudi Arabia and others to put the economy on a more solid basis.**

After more than a year of careful study, the International Monetary Fund recently presented a series of specific proposals to Egypt to restore Egypt's credit-worthiness and thus form the basis for attractive Western donor aid. Sadat believes that some of the proposals would have serious political and social ramifications and is therefore reluctant to adopt them, although he is studying the IMF package. We have strongly encouraged Sadat to accept the IMF recommendations, as have other Egyptian creditors, including Saudi Arabia and Kuwait.

The proposed reply for your signature at Tab A would convey to Sadat our continuing determination to assist Egypt with its economic problems, including the encouragement of other potential donors. It again urges Sadat to accept the IMF recommendations as an essential step to longer-term improvement in Egypt's situation and an important factor in the decisions of other donors on whether and how much to assist Egypt.

Finally, the proposed reply informs Sadat that, in connection with the transition, we will make every effort to impress upon the new Administration the importance of making further progress in the Middle East negotiations. In messages through Ambassador Eilts and to the Secretary, Sadat has expressed serious concern that the peace-making process not be jeopardized or allowed to drift because of a change in Administration and has indicated his strong hope that you will indicate to President-Elect Carter the importance of further progress.

RECOMMENDATION:

That you sign the letter of reply to President Sadat at Tab A.  
(Text cleared by Mr. Smith (Hartmann).)



~~SECRET~~ (GDS)

ACTION

MEMORANDUM FOR: THE PRESIDENT  
FROM: BRENT SCOWCROFT  
SUBJECT: Letter from President Sadat on Egyptian Economy--Proposed Reply

*Sadat's plan is to*

*our assistance in convincing*  
President Sadat has sent you, ~~via Ambassador Eilts~~, the letter at Tab B ~~urging the U.S. to persuade~~ the West Germans to join in an "economic partnership" with Egypt, ~~which would increase~~ <sup>FRG</sup> loan assistance and provide a West German economic advisor to counsel the Egyptians on ways to bolster their economy. Sadat asked Ambassador Eilts to personally hand-carry this letter to Washington when the Ambassador returned here for consultations three weeks ago.

*his*  
As elaborated in ~~Sadat's~~ <sup>his</sup> private meeting with Eilts just prior to ~~his~~ <sup>the latter's</sup> return here (Tab C), Sadat continues to press for expanded Western aid as well as assistance from Arab oil producers, <sup>in order</sup> to bolster his sagging economy. He has made clear his appreciation for U.S. economic aid and influence with other Western donors, while expressing dissatisfaction with Arab assistance. Based on recent talks with Chancellor Schmidt, Sadat ~~has decided~~ <sup>has</sup> that West Germany could afford to be of greater help to Egypt, ~~and join as its economic "partner,"~~ beginning with an increase in FRG loan assistance and technical advice from a West German economic advisor. He urges our intercession with Schmidt to encourage the FRG to respond positively to Egypt's request. Secretary Kissinger has asked Ambassador Eilts to assure Sadat that we will speak to Schmidt after December 14, when ~~his~~ <sup>the</sup> newly elected <sup>FRG</sup> government formally takes office. A West German economic advisor to Egypt has <sup>in fact</sup> already been named, but we ~~will~~ <sup>will</sup> pursue with Schmidt some of the broader commitments Sadat has proposed.

Subject to GDS of E.O. 11652  
Automatically downgraded at two-year  
Intervals and declassified on  
December 31, 1984.

~~SECRET~~ (GDS)

*bl 3/3/04*



Although Egypt has succeeded in getting substantial assistance over the past two years, its economy is still floundering because of bureaucratic ineptness, confusion about how to move from the tight socialist system established by Nasser to the more liberal system favored by Sadat, and ~~by~~ the unwillingness of Sadat's government to take the basic steps recommended by the USG, IMF, Saudi Arabia and others to ~~place~~ <sup>put</sup> the economy on a more solid basis.

After more than a year of careful study, the International Monetary Fund recently presented a series of specific proposals to Egypt to ~~be undertaken to~~ restore Egypt's credit-worthiness and thus form the basis for attractive Western donor aid. Sadat believes that some of the proposals would have serious political and social ramifications and is therefore reluctant to adopt them, although he is studying the IMF package. We have strongly encouraged Sadat to accept the IMF recommendations, as have others ~~of~~ <sup>IMF</sup> Egypt's creditors, including Saudi Arabia and Kuwait.

The proposed reply for your signature at Tab A would ~~assure~~ <sup>convince</sup> Sadat ~~of~~ our continuing determination to assist Egypt with its economic problems, including the encouragement of other potential donors. ~~It congratulates Sadat for the step he recently took in appointing a Deputy Prime Minister for Economic Affairs, thereby centralizing and upgrading authority over that sector. And it again urges Sadat to accept the IMF recommendations, the only hope for any longer-term improvement in Egypt's problems and an important factor in the decisions of other donors on whether and how much to assist Egypt.~~

<sup>transition</sup> Finally, the proposed reply also ~~reassures~~ <sup>as an essential step to</sup> Sadat that, in connection with the transition, we will make every effort to impress upon the new Administration the importance of making further progress in the Middle East negotiations. In messages through Ambassador Eiltz and to the Secretary, Sadat has expressed serious concern that the peace-making process not be jeopardized or allowed to drift because of ~~the~~ <sup>a</sup> change in Administration and has indicated his strong hope that you will indicate to President-Elect Carter the importance ~~of~~ <sup>g</sup> ~~attached to~~ further progress.

RECOMMENDATION: That you sign the letter of reply to President Sadat at Tab A. [Text cleared by Mr. Smith (Hartmann).]



NSC CORRESPONDENCE PROFILE

DOC		RECD			LOG NUMBER
MO	DA	MO	DA	HR	
11	9	11	10	10	7606085

INITIAL ACTION O  
*Oakley*

SOURCE/CLASS/DESCRIPTION

TO: RRES \_\_\_\_\_ FROM: SECSTATE \_\_\_\_\_ S/S 7622517 UNCLAS LOG IN/OUT \_\_\_\_\_  
 SCOWCROFT # SECDEF \_\_\_\_\_ LOU NO FORM NODIS \_\_\_\_\_  
 HYLAND \_\_\_\_\_ DCI \_\_\_\_\_ X REF \_\_\_\_\_ C. EYES ONLY EXDIS \_\_\_\_\_  
 DAVIS \_\_\_\_\_ STATE EXSEC # \_\_\_\_\_ (S) CODEWORD \_\_\_\_\_  
 OTHER \_\_\_\_\_ TS SENSITIVE \_\_\_\_\_

SUBJECT: *Req ltr to Pres for Sadat re the loan of an Economic Expert for Germany to the Egyptian Govt as an adviser in Economic*

DISTRIBUTION/INITIAL ACTION ASGMT

INTERNAL ROUTING AND DISTRIBUTION					REC CY FOR	ACTION REQUIRED
	ACTION	CONCURRENCE	COORDINATE	INFO		
ADV. CYS S'CROFT/ WGH						MEMO FOR SCOWCROFT. _____
STAFF SECRETARY						MEMO FOR PRES. <u>#</u>
CONGRESSIONAL						REPLY FOR _____
ECONOMIC						APPROPRIATE ACTION. _____
EUR/ CANADA/ OCEANS						MEMO _____ TO _____
FAR EAST/ PRC						RECOMMENDATIONS. _____
INTELLIGENCE						JOINT MEMO. _____
LATIN AMERICA						REFER TO _____ FOR: _____
MID EAST/ NO. AFRICA	<u>#</u>					ANY ACTION NECESSARY? _____
NSC PLANNING						CONCURRENCE. _____
PROGRAM ANALYSIS						DUE DATE: <u>11-19</u>
SCIENTIFIC						COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
SUB-SAH/ AFRICA/ UN						

*affairs*

*+ if appropriate*

*LEONARD*

SUBSEQUENT ROUTING/ACTIONS

DATE	FROM	TO	STATUS	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	DUE	CY TO
11/12	Sick	Davis				
11/12	Scowcroft		X	Pres to Sign ltr to Sadat	11/17	
11/15	<del>Oakley</del>		S	redo	11/18	Hornat
11/15	Oakley	Scowcroft	X	Pres for decision	11/23	Hornt
11/29	Pres		P	Sign ltr to Pres Sadat		
11/30	NSC/S			Pres sigd ltr to Sadat		
12/1	Oakley		S	Review prior to dispatch	12/1	
12/1/76	Oakley	Davis	"S"	DAVIS 590 MEMO TO BARR		

NSC/S DISP INSTR

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SUSPENSE CY ATTACHED \*

MICROFILM & FILE ROOMS

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# Department of State

# TELEGRAM

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INFO OCT-01 ISO-00 /001 R

DRAFTED BY -TEXT RECEIVED FROM WHITE HOUSE (S/S 7624802)  
APPROVED BY NEA - MR. ATHERTON  
S/S - DMACK

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O 030201Z DEC 76 ZFF4  
FM SECSTATE WASHDC  
TO AMEMBASSY CAIRO IMMEDIATE

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NODIS  
FOR AMBASSADOR

E.O. 11652: GDS

TAGS: PFOR, ECON, EFIN, EG

SUBJECT: PRESIDENTIAL LETTER TO SADAT

REFERENCE: SADAT/FORD LETTER OF OCTOBER 14

1. PLEASE DELIVER FOLLOWING REPLY TO PRESIDENT SADAT'S LETTER OF OCTOBER 14 ADDRESSED TO PRESIDENT FORD. SIGNED ORIGINAL DATED NOVEMBER 30 TO FOLLOW BY POUCH.

2. BEGIN TEXT: DEAR MR. PRESIDENT: AMBASSADOR EILTS DELIVERED YOUR LETTER OF OCTOBER 14, 1976, TO ME. I AM PLEASED THAT YOU ARE GIVING YOUR PERSONAL ATTENTION TO STRENGTHENING THE EGYPTIAN ECONOMY. AS YOU KNOW FROM OUR TALKS IN SALZBURG, I SHARE YOUR CONVICTION THAT THIS IS A MATTER OF THE HIGHEST PRIORITY. THE ECONOMIC HEALTH OF EGYPT IS IMPORTANT FOR THE WELFARE OF YOUR PEOPLE AND FOR THE PEACEMAKING PROCESS IN WHICH EGYPT, UNDER YOUR LEADERSHIP, -MUST CONTINUE TO PLAY A VITAL AND INDISPENSABLE ROLE. FOR OUR PART WE INTEND TO CONTINUE TO PROVIDE SUBSTANTIAL ECONOMIC ASSISTANCE TO EGYPT AND TO ENCOURAGE OTHERS TO DO



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THE SAME.

I UNDERSTAND THAT YOU ARE CONSIDERING FURTHER ECONOMIC POLICY MEASURES IN CONSULTATION WITH THE INTERNATIONAL

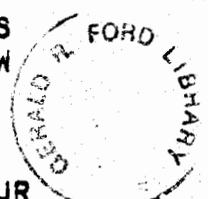
MONETARY FUND. I RECOGNIZE THE POLITICAL PROBLEMS THAT SOMETIMES ACCOMPANY EVEN THE BEST ECONOMIC POLICY DECISIONS. I ALSO RECOGNIZE THAT ONLY YOU CAN MAKE THE DECISIONS AS TO WHAT WILL BEST SERVE THE INTERESTS OF YOUR COUNTRY. MY OWN JUDGMENT IS THAT THE IMMEDIATE PROBLEMS ARISING FROM SOUND ALBEIT DIFFICULT ECONOMIC DECISIONS WILL BE MORE THAN COMPENSATED BY A GREATER WILLINGNESS ON THE PART OF POTENTIAL DONORS TO INCREASE ASSISTANCE TO EGYPT IN ITS ECONOMIC RECOVERY.

AMBASSADOR EILTS ALSO REPORTED YOUR THOUGHTS OF DEVELOPING AN ECONOMIC PARTNERSHIP WITH THE FEDERAL REPUBLIC OF GERMANY. MY GOVERNMENT HAS ALREADY BEEN IN TOUCH WITH FOREIGN MINISTER GENSCHER ON YOUR IDEA OF A GERMAN FINANCIAL ADVISOR. AMBASSADOR EILTS WILL REPORT TO YOU IN DETAIL ABOUT OUR DISCUSSIONS WITH OUR GERMAN FRIENDS. HE WILL ALSO INFORM YOU ABOUT OUR CONTINUING CONTACTS WITH OTHER FRIENDLY GOVERNMENTS TO ASSURE PRIORITY ATTENTION TO EGYPT'S NEEDS. WE SHALL CONTINUE THESE EFFORTS AND AT THE SAME TIME LOOK WITH YOU FOR WAYS TO MAKE OUR OWN HELP TO EGYPT MORE TIMELY AND MORE EFFECTIVE.

CONCERNING OVERALL UNITED STATES POLICY TOWARD THE MIDDLE EAST, YOU CAN BE CERTAIN THAT I WILL EMPHASIZE TO PRESIDENT-ELECT CARTER OUR FIRM CONVICTION THAT THE PURSUIT OF A JUST AND DURABLE PEACE IN THE MIDDLE EAST SHOULD HAVE THE HIGHEST PRIORITY. I FULLY UNDERSTAND THE NEED FOR FURTHER MOVEMENT TOWARD THIS OBJECTIVE IN THE MONTHS AHEAD, AND I WILL CERTAINLY WORK TO IMPRESS UPON THE NEW ADMINISTRATION THE IMPORTANCE OF SEIZING UPON THE CURRENTLY FAVORABLE CLIMATE.

MRS. FORD JOINS ME IN EXTENDING TO YOU AND MRS. SADAT OUR WARMEST PERSONAL WISHES, RECALLING WITH UTMOST PLEASURE OUR MEMORABLE MEETINGS WITH YOU AND YOUR FAMILY. SINCERELY  
GERALD R. FORD. END TEXT. ROBINSON

~~SECRET~~



ROBINSON