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E.O. 12958, as amended, Sect 3.5

NSC/Soubers to Smith 09/06/2002

By lf Date 06/27/07

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~

May 3, 1973

National Security Decision Memorandum 214

TO: The Secretary of State
The Acting Secretary of Defense
The Secretary of Treasury

SUBJECT: Balance of Payments Offset and Burden-sharing
Negotiations with NATO

The President has reviewed the study prepared in response to NSSM 170 and has directed that the following general guidelines should govern our negotiating approach to the coming balance of payments offset and burden-sharing negotiations:

(1) The negotiations should be pointed towards creating a new multilateral effort aimed at covering the additional budgetary cost of keeping U.S. troops deployed in Europe. The objective should be to create a payments fund or other multilateral mechanism that would cover these U.S. costs. The effort should be initiated this spring by asking for Alliance reaffirmation of the broad multilateral burden-sharing principles. Following this, the Eurogroup would be asked to consider the question and provide specific recommendations this fall on how this goal could best be realized. U.S. views and possible approaches to be outlined in the Eurogroup should be considered by the NSSM 170 Steering Group prior to their submission to the President for approval.

(2) Parallel to this multilateral effort, preparations should be undertaken to renew a bilateral offset agreement with the FRG. The broad objective should be to offset as much of the BOP costs of U.S. troops deployed in the FRG as possible and to cover the incremental costs associated with keeping U.S. troops in the FRG rather than in the U.S.

The President also has directed that in negotiating the agreement the following priorities should be followed:

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General Declassification Schedule

(a) First priority should be given to those actions that involve burden-sharing. These would include direct FRG payment of some of the cost of keeping U.S. forces in Germany or FRG funding of capital improvements that either enhance Allied defense capabilities or improve facilities. These efforts might also include, but not be limited to, cost sharing which involves FRG assumption of some logistics, administrative and other functions on bases occupied by U.S. forces.

(b) Second priority should be given to actions that reduce U.S. military BOP deficits but have no impact on U.S. defense funding needs such as: 1) FRG military purchases in the U.S.; 2) FRG funding of military R & D projects in the U.S.; and 3) FRG payment for civilian projects carried out in the U.S.

(c) FRG loans should be included in the agreement as a last resort only if combined with a lower than market interest rate or if interest is paid by the FRG.

In negotiations with the FRG, it should be made clear that the bilateral agreement is a first step leading towards the objective of a multilateral arrangement. It should also be made clear to the FRG that commitment under a bilateral agreement would be taken fully into account in any multilateral arrangement subsequently negotiated.

The President has requested that a negotiating scenario be developed to guide the negotiations with the FRG. He reserves the decision concerning the timing of the negotiations pending review of this scenario.


Henry A. Kissinger

cc: The Director of Central Intelligence
Chairman, Joint Chiefs of Staff
The Assistant to the President for
International Economic Affairs