

**FOREIGN RELATIONS OF THE UNITED STATES**  
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**Department of State**  
Washington, DC

416. Memorandum From the President's Special Assistant (Rostow) to President Johnson/[1/](#)

Washington, May 8, 1967.

[/1/](#)Source: Johnson Library, National Security File, Country File, Israel, Israeli Aid, 5/67. Secret; Sensitive. A handwritten "L" on the memorandum indicates that it was seen by the President.

SUBJECT

Israeli Aid Package

We now know enough informally about the AEC's inspection of Dimona to wrap up the Israeli aid package. Secretaries McNamara and Katzenbach have acquiesced (Tab A)/[2/](#) in most of Arthur Goldberg's proposals (Tab B)./[3/](#) I have outlined the resulting package on the attached chart./[4/](#) It gives the Israelis almost everything they want, except on APC's.

[/2/](#)Tab A is a May 5 memorandum from Katzenbach to the President.

[/3/](#)Document 414.

[/4/](#)The chart, entitled "Israeli Aid Package," dated May 8, not attached, listed the various elements of the package in three columns, headed "Israeli Request," "Katzenbach-McNamara-Goldberg Proposal," and "Your Decision." A copy is in the Johnson Library, National Security File, Country File, Israel Aid, 5/67.

The one major difference between Arthur's recommendation and the Secretaries' indicates the Secretaries' continuing concern over providing APC's. They propose

only that we license sale of 100 APC's for cash, while Arthur recommends credit sale on no-concessional terms.

**The main issue remains how closely we should identify ourselves with Israel in view of its unclear nuclear intentions and our interests in the Arab world.** I understand--and share--your desire to do everything we can to help the Israelis. On the other hand, we know that every request they make is not only a request for help but part of an effort to maneuver us into closer and closer identification. They feel they've made a breakthrough in the tank and plane sales and are pushing hard to exploit it.

**The AEC team found no evidence that Israel is using Dimona to produce material for use in nuclear weapons.** While this conclusion is encouraging, it can't tell us one way or the other whether **Israel may be pressing a clandestine weapons program elsewhere.** Secretary Katzenbach concludes (Tab C)/5/ that Israel is carefully preserving its option to produce nuclear weapons on short notice if it needs to. Our intelligence proves nothing, but there are enough unanswered questions to make us want to avoid getting locked in too closely with Israel.

[/5/Document 415.](#)

**In addition, State and Defense worry about our substantial interests in the Arab world. I know you are keenly aware of our oil interests (\$2.75 billion investment, \$750 million in yearly profits in production alone plus downstream operations) and of our obligations to our Arab friends. Our greatest single liability there--and one of the USSR's greatest assets--is the sincere Arab belief that the "Zionists exercise a veto on US policy."**

These important concerns account for the rough passage this package has had. The alternative to selling APC's now would be to tell the Israelis that our agreement to their full requests for credit on military spares (\$14 million) is all we can do this year but that we'll consider the APC's along with other requests they've already made for the next generation of Israeli weapons. In fact, that \$14 million alone is a substantial concession--larger than the whole cost of the Jordan package (\$12 million) including airlift costs. If you approve APC's, we will need to control publicity.

I've set up the attached chart as your decision document.<sup>/6/</sup> We might gain some points by giving the Israelis our decision before their Independence Day (15 May), especially if we don't go to their parade. Secretary Katzenbach will send a separate memo on desalting.<sup>/7/</sup>

<sup>/6/</sup>Handwritten notations on the chart cited in footnote 4 above indicate the President's decisions, which he made at a May 23 luncheon meeting with Rusk, McNamara, Rostow, Christian, and Helms. (Johnson Library, President's Daily Diary) A list attached to a May 23 memorandum from Rostow to the President states that the President approved a cash sale of 100 APCs for \$3.7 million, preferably the sale of 100 Italian APCs with U.S. license, with a direct U.S. sale only if that arrangement was not workable, a \$2 million cash sale of tank spare parts, \$14 million military credit at 5 percent interest for Hawk and tank spare parts, sale of \$27.5 million in food at 2-1/2 percent interest, \$20 million in Export-Import Bank loans, \$5 million for special Africa assistance, agreement to establishment of facilities for Hawk missile maintenance, and agreement to offshore procurement for U.S. aid programs. (Ibid., National Security File, Country File, Israel, Israeli Aid, 5/67)

<sup>/7/</sup>A May 10 memorandum from Katzenbach to the President recommended Jack Valenti as a possible Coordinator on Israeli and UAR desalting plants. (Ibid., Memos to the President, Walt Rostow, Vol. 27)

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