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This is first US preference since it ensures meeting SACEUR's requirement much earlier and at considerably less over-all cost than any other course.

2. However, if NAC finds this proposal unacceptable, US would be willing to assist European production to meet SACEUR's requirement, <sup>along with this</sup> and/to sell some missiles to the European countries to meet early part of SACEUR's requirement, under following conditions:

a. Missiles produced in Europe under this program to be placed under SACEUR's control, and advance commitments to be given by the nations concerned that production facilities set up under this program are to be used solely to meet SACEUR's requirements.

b. Advance commitments to accept deployment of these missiles to be given by countries where SACEUR has deployment requirements.

(This would also be condition under alternative set forth in 1 above.)

c. Advance commitments to be given by these countries to permit storage of nuclear components for such missiles, with custody of nuclear components to remain as now provided under NATO Atomic Stockpile Plan. Countries participating in this program would agree to meet current SACEUR requirements for deployment of nuclear weapons in the meantime. (This would also be condition under alternative course set forth in 1 above.)

d. The US (i) would provide on a grant basis \$20 to \$25 million of technical assistance; (ii) would be willing to sell productive facilities valued at \$25 million. US assistance would also include all necessary nuclear components for these missiles.

e. This program to be approved by the NAC. (This would also be condition under /alternative set forth in 1 above.)

END OUTLINE

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In addition, following points made in explanation of US position:

1. Statement under Alternative 1 that US would QTE provide UNQTE missiles and possibly some components for launching equipment / means that they would be provided on a sale basis; and possibly some provision under the Mutual Security Program subject to (i) availability of funds, (ii) SACKUR's judgment that this is higher priority requirement than competing NATO demands for those funds.



3. Condition in (2) (e) that NAC approval required to be interpreted broadly. country such as Iceland and possibly Portugal Would be possible have NAC approval with individual / countries abstaining.



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