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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: MEETING FILE

Withdrawer

CAS 12/6/2010

File Folder NSC0023 (2) 10/16/1981

FOIA

M10-325

Box Number 91282

RAKU

3

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
101609	NSC PROFILE SHEET	R 2/16/2001 GUIDELINES	1	10/19/1981	B1
101610	MEMO	A. LENZ TO RICHARD ALLEN RE NSC CONSIDERATION R 10/26/2004 NLRRM1284 #1	2	10/20/1981	B1
101611	DECISION MEMO	R 10/26/2004 NLRRM1284 #2	1	ND	B1
101612	MEMO	LENZ TO ALLEN RE NSC MEETING ACTIONS R 10/26/2004 NLRRM1284 #3	1	10/19/1981	B1
101613	MEMO	ALLEN TO THE PRESIDENT RE NSC MEETING RECOMMENDATIONS R 10/26/2004 NLRRM1284 #4	1	ND	B1
101614	DECISION MEMO	SAME AS 101611 R 10/26/2004 NLRRM1284 #5	1	ND	B1
101615	NSC PROFILE SHEET	R 2/16/2001 GUIDELINES	1	10/26/1981	B1
101616	MEMO	LENZ TO ALLEN RE NSC MEETING R 10/26/2004 NLRRM1284 #6	3	10/16/1981	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
101617	PAPER	RE TECHNOLOGY PAR 10/26/2004 NLRRM1284 #7; PAR UPHELD 6/11/2013 M325/1	1	ND	B1 B3
101618	PAPER	RE FORMAT FOR NSC MEETING R 10/26/2004 NLRRM1284 #8	2	ND	B1
101619	NSC PROFILE SHEET	R 2/16/2001 GUIDELINES	1	10/15/1981	B1
101620	MEMO	ALLEN TO THE PRESIDENT RE NSC MEETING R 10/30/2005 NLRRM1284 #9	5	10/15/1981	B1
101621	PAPER	RE STATEMENT RE PROS AND CONS R 10/26/2004 NLRRM1284 #10	3	ND	B1
101622	DISTRIBUTION RECORD	PAR 10/26/2004 NLRRM1284 #11; PAR UPHELD 6/11/2013 M325/1	1	10/15/1981	B1 B3
101623	MEMO	ALLEN TO THE VICE PRESIDENT ET AL R 2/16/2001 GUIDELINES	1	10/15/1981	B1
101624	PAPER	RE POLICY R 10/26/2004 NLRRM1284 #12	2	ND	B1

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3

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
101625	PAPER	RE NSC STAFF PREPARED SUMMARY R 10/26/2004 NLRRM1284 #13	3	ND	B1
101626	PAPER	RE POLICY OPTIONS R 10/26/2004 NLRRM1284 #14	1	ND	B1
101627	PAPER	RE STATEMENT OF PROS AND CONS R 10/26/2004 NLRRM1284 #15	3	ND	B1
101628	CHART	RE SECURITY R 10/26/2004 NLRRM1284 #16	1	ND	B1
101629	NSC PROFILE SHEET	R 2/16/2001 GUIDELINES	1	10/7/1981	B1
101630	MEMO	ALLEN TO THE VICE PRESIDENT ET AL R 4/16/2003 NLRRM1284	1	10/7/1981	B1
101631	NSC PROFILE SHEET	R 2/16/2001 GUIDELINES	1	10/2/1981	B1
101632	MEMO	LENZ TO ALLEN RE NSC MEETING R 10/26/2004 NLRRM1284 #17	2	10/2/1981	B1
101633	NSC PROFILE SHEET	R 2/16/2001 GUIDELINES	1	9/30/1981	B1

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
101634	MEMO	R. PIPES TO J. NANCE RE NSC MEETING R 10/26/2004 NLRRM1284 #18	1	9/30/1981	B1
101635	MEMO	PIPES TO ALLEN RE NSC MEETING R 10/26/2004 NLRRM1284 #19	1	10/5/1981	B1
101636	MEMO	PIPES TO NANCE RE NSC MEETING R 10/26/2004 NLRRM1284 #20	1	9/30/1981	B1
101637	MEMO	PIPES TO ALLEN RE WEEKLY REPORT R 10/26/2004 NLRRM1284 #21	1	10/18/1981	B1

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WITHDRAWAL SHEET

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. NSC profile	#8190027 <i>CAS 2/16/01 WH Guidelines</i>	10/19/81	P-1
2. memo	from A. Lenz to R.V. Allen, re NSC consideration [8190027] (2 pp) <i>R 10/26/04 M1284 #1</i>	10/20/81	P-1 P-5 <i>PS</i> <i>CAS 2/16/01</i>
3. decision memo	[8190027] <i>R 10/26/04 M1284 #2</i>	n.d.	P-1
4. memo	A. Lenz to R.V. Allen, re NSC meeting actions [8190027] <i>R 10/26/04 M1284 #3</i>	10/19/81	P-1
5. memo	R.V. Allen to the President, re NSC meeting recommendations [8190027] <i>R 10/26/04 M1284 #4</i>	n.d.	P-1
6. decision memo	same as item #3 [8190027] <i>R 10/26/04 M1284 #5</i>	n.d.	P-1
7. NSC profile	#8190025 <i>CAS 2/16/01 WH Guidelines</i>	10/26/81	P-1
8. memo	A. Lenz to R.V. Allen, re NSC meeting [8190025] (3 pp) <i>R 10/26/04 M1284 #6</i>	10/16/81	P-1 P-5 <i>PS</i>
9. paper	re technology [8190025] <i>P 10/26/04 M1284 #7</i>	n.d.	P-1 <i>63</i>
10. paper	re format for NSC meeting [8190025] (2 pp) <i>R 10/26/04 M1284 #8</i>	n.d.	P-1
11. NSC profile	#8190021 <i>CAS 2/16/01 WH Guidelines</i>	10/15/81	P-1
12. memo	R.V. Allen to the President, re NSC meeting [8190021] (5 pp) <i>R 10/30/05 M1284 #9</i>	10/15/81	P-1 P-5 <i>PS</i>
13. paper	re statement of pros and cons [8190021] (3 pp) <i>R 10/26/04 M1284 #10</i>	n.d.	P-1
14. distribution record	NSC [8190021] (3 pp) <i>P 10/26/04 M1284 #11</i>	10/15/81	P-1 <i>63</i>
14A: "	" " (2p) R CAS 10/15/01		P-1
COLLECTION: EXEC.. SECRETARIAT, NSC (NSC Mtg. Files)			DSD
FILE LOCATION: NSC00023 (2/3) 16 Oct 81 Box 91282			4/7/94

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

Freedom of Information Act - [5 U.S.C. 552(b)]

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WITHDRAWAL SHEET

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
15. memo	R.V. Allen to the Vice President et al. [8190021] CAS 2/16/01 WHGL	10/15/81	P-1
16. paper	re policy [8190021] (2 pp) R 10/26/04 M1284 #12	n.d.	P-1
17. paper	re NSC staff prepared summary [8190021] (3 pp) R 10/26/04 M1284 #13	n.d.	P-1
18. paper	re policy options [8190021] R 10/26/04 M1284 #14	n.d.	P-1
19. paper	re statement of pros and cons [8190021] (3 pp) R 10/26/04 M1284 #15	n.d.	P-1
20. chart	re security [8190021] R 10/26/04 M1284 #16	n.d.	P-1 5 fs
21. NSC profile	#8190014 CAS 2/16/01 WHGL	10/7/81	P-1
22. memo	R.V. Allen to the Vice President et al. [8190014] R 4/16/03 WHGL M1284	10/7/81	P-1
23. NSC profile	#8190010 CAS 2/16/01 WHGL	10/2/81	P-1
24. memo	A. Lenz to R.V. Allen, re NSC meeting [8190010] (2 pp) R 10/26/04 M1284 #17	10/2/81	P-1
25. NSC profile	#8105745 CAS 2/16/01 WHGL	9/30/81	P-1
26. memo	R. Pipes to J. Nance, re NSC meeting [8105745] R 10/26/04 M1284 #18	9/30/81	P-1
27. memo	R. Pipes to R.V. Allen, re NSC meeting [8105745] R 10/26/04 M1284 #17	10/5/81	P-1
28. memo	R. Pipes to J. Nance, re NSC meeting [8105745] R 10/26/04 M1284 #20	9/30/81	P-1
29. memo	R. Pipes to R.V. Allen, re weekly report [8105745] R 10/26/04 M1284 #21	10/18/81	P-1 86
COLLECTION: EXEC. SECRETARIAT, NSC (NSC Mtg. Files)			DSD
FILE LOCATION: NSC00023 (2/3) 16 Oct 81 Box 91282			4/7/94

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PENDING REVIEW IN ACCORDANCE WITH E.O 13233

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: MEETING FILES

Withdrawer CAS

Box Number 91282

FOIA M1284

File Folder NSC00023 (2) 10/16/81

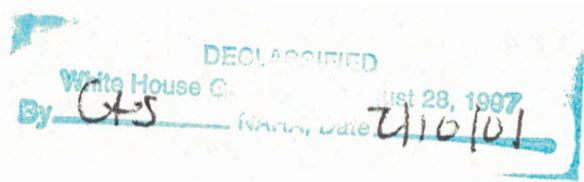
DATE 3/20/2007

ID Doc Type	Document Description	No of Pages	Doc Date	Restrictions
12 MINUTES	FOR NSC MEETING (#9)	5	10/15/1981	

mvh 3/14/08

RECEIVED 19 OCT 81 19

TO ALLEN FROM LENZ DOCDATE 19 OCT 81



KEYWORDS: USSR EXPORT CONTROLS

OIL GAS

NSC

SUEJECT: ~~ACTIONS STEPPING~~ FM 16 OCT NSC MTG
-OK

ACTION: FWD TO PRES FOR DECISION DUE: 21 OCT 81 STATUS C FILES IFM C

FOR ACTION

FOR CONCURRENCE

FOR INFO

ALLEN

COMMENTS

REF# LOG 8190025 8190032 NSCIFIED NSC00023 (E / E)

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

- 10/21 Noted by Lenza

Lenz S 10/21 Any further action

C 12/15 OBE/ original not returned

DISPATCH _____ W/ATTCH FILE _____ (C)

~~CONFIDENTIAL~~

90027

MEMORANDUM

SYSTEM II

NATIONAL SECURITY COUNCIL

CONFIDENTIAL

ACTION

October 20, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: ALLEN J. LENZ *AL*
SUBJECT: Next Steps on NSC Consideration of Oil/Gas Issue

You will recall that the October 16 NSC meeting closed with Ed Meese indicating that he wanted the oil/gas issue placed on the agenda again as soon as practical. In response to the request, Admiral Nance has tentatively scheduled the item for consideration again on Tuesday, October 28.

As I advised you earlier, following the October 16 event, Haig tasked Rashish with reconvening the SIG to discuss ways to move forward on this issue. The group met today, with predictable results. After 75 minutes, participants left with the impression that a paper is to be produced by the group under State leadership for the Tuesday meeting, albeit without any clear idea of who is to do what. In fact, of course, it is hopeless to expect the agencies, with their widely divergent views on what should be done, to produce an agreed upon paper (or even one with noted dissents) in five days when they could not produce one in four months.

The following are my recommendations on how to handle this issue:

- o No useful purpose will be served by another NSC meeting on this topic, at least until after the President has had an opportunity to digest a well-prepared paper that answers, to the best of our ability, the questions he has posed (my summary of the questions he has posed is at Tab I). Even after such a paper, a further NSC meeting may not be desirable, but further questions might be better resolved by other than a group meeting.
- o The interagency process is not capable of producing the requisite paper in time for a meeting next week or, indeed, in time for a meeting anytime in the foreseeable future.

CONFIDENTIAL

Review October 20, 1987

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NLS M1284 #1

BY smf, NLS, DATE 10/26/04

~~CONFIDENTIAL~~

- o This appears to me to be a time when the NSC Staff should step into the breach and prepare the required paper, drawing on agency resources as required, but unilaterally authorizing and taking responsibility for, the product.
- o I believe we can prepare a paper that answers many of the President's questions, but not all of them. Larry Brady has already done some work that will be very helpful. However, a well-organized paper will take some time. A week of preparation time will give a better product than three or four days. Again, however, I suggest no meeting, at least until the President has had time to read and digest the paper, which will not be reams of material, but will necessarily be more than a few pages. I believe he has reached the point where he will willingly take on quite a few pages to make him comfortable with making a decision on this contentious matter.
- o I believe I can write a balanced paper (probably more so than you might prefer). However, no paper can satisfy all of the agencies as representing a balanced presentation. This raises the question of whether you would make an NSC authorized paper available to them. Your alternatives include the following:
 - No circulation of the paper to the agencies, either before or after the decision.
 - Circulation before the decision, with key agencies (State, DOD, Commerce, Energy) allowed to submit supplementing documents not exceeding, say, two pages that would be forwarded to the President with the NSC Summary paper.

RECOMMENDATION

That you urge there be no further NSC meetings on this topic, at least until availability of an acceptable paper responding to the President's concerns.

Approve _____ Disapprove _____

That you approve my going ahead with preparation of an NSC Staff prepared paper.

Approve _____ Disapprove _____

Attachment

Tab I My Summary of Questions Posed

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

DECISION MEMORANDUM

The following requirements were set as a result of the October 16, 1981, National Security Council meeting:

Additional Analysis of Implications of
Oil/Gas Controls Policy Options

An informed decision on United States Policy on the export of oil and gas equipment and technology to the Soviet Union requires additional information, including the following:

- o A brief analysis of the relationship of the oil/gas decision to U.S. initiatives on the Siberian Pipeline and on tightening of Allied Security Controls through the COCOM mechanism.
- o What kinds of oil and gas equipment and technology are controlled under existing national security controls?
- o What kinds of items (indicate broad categories) would be added to existing national security controls under each of the options specified?
- o An assessment of our ability to obtain Allied cooperation with U.S. actions under each of the oil/gas policy alternatives and the costs and risks of pressures required to obtain Allied cooperation.
- o Failing achievement of Allied cooperation, what will be the effect of unilateral U.S. restrictions? Which items would the Soviets be able to obtain from other sources? Which countries would provide supply alternatives? Which items are available only from the United States?
- o What are the likely losses in exports that would result from unilateral U.S. export restrictions under each of the options? To the extent practical, indicate losses by product or industry.

Approve _____

Disapprove _____

DECLASSIFIED / RELEASED

~~CONFIDENTIAL~~

Review October 19, 1987

NIS M1284 #2

BY smf, NARA, DATE 10/26/04

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

MEMORANDUM

System II

NATIONAL SECURITY COUNCIL

90027

~~CONFIDENTIAL~~

ACTION

October 19, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: ALLEN J. LENZ *ajl*

SUBJECT: Actions Stemming From the October 16 NSC Meeting

As you know, no decisions were reached at the October 16 NSC Meeting. However, the meeting did reveal the areas where the President wants more information before he will feel comfortable in making a decision.

The attached decision memorandum (Tab A) attempts to capture his concerns -- both those directly stated and those implicit in his and Ed Meese's comments. I will relay this to the SIG group tomorrow as my interpretation of what the President wants.

Unfortunately, however, this is one of those instances in which it is much easier to ask good questions than to give good answers. I will be mightily surprised if the agencies can come with a coherent piece in time for an NSC meeting next Tuesday, October 27.

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

Approve _____

Disapprove _____

Attachments

Tab I Memo to the President
A Decision Memo

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NIS M 1284 #3

BY *smf*, *RAM*, *10/26/84*

~~CONFIDENTIAL~~

Review October 19, 1987

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

MEMORANDUM

System II

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: EDWIN MEESE III
FROM: RICHARD V. ALLEN
SUBJECT: NSC Meeting Recommendations -- October 16, 1981

The National Security Council met on October 16 and discussed the various options for control of export of oil and gas equipment and technology to the USSR and the relations of these controls to U.S. initiatives to tighten COCOM controls and to the U.S. position on the Siberian Pipeline. Principal attendees were: Al Haig, Bill Clark, Don Regan, Frank Carlucci, Bill Casey, Admiral Hayward, Ed Meese, Jim Baker, Mike Deaver and myself. Selected deputies from Commerce and OMB also attended.

At Tab A is a recapitulation of the requirements for additional analysis you indicated were important to reaching an informed decision.

After your approval or modification, the agencies will be tasked with preparation of the required analysis.

RECOMMENDATION

That you approve the tasking memorandum at Tab A.

Attachment

Tab A Tasking Memorandum

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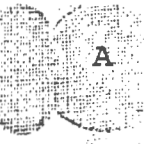
NLS M1284 # 4

BY Smf, NARA, DATE 10/26/04

~~CONFIDENTIAL~~

Review October 19, 1987

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

DECISION MEMORANDUM

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Additional Analysis of Implications of
Oil/Gas Controls Policy Options

An informed decision on United States Policy on the export of oil and gas equipment and technology to the Soviet Union requires additional information, including the following:

- o A brief analysis of the relationship of the oil/gas decision to U.S. initiatives on the Siberian Pipeline and on tightening of Allied Security Controls through the COCOM mechanism.
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- o What kinds of items (indicate broad categories) would be added to existing national security controls under each of the options specified?
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- o What are the likely losses in exports that would result from unilateral U.S. export restrictions under each of the options? To the extent practical, indicate losses by product or industry.

Approve _____

Disapprove _____

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Review October 19, 1987

NLS 11/284 #5

BY Amf, NARA, DATE 10/26/04

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RECEIVED 15 DEC 81 13

TO ALLEN

FROM LENZ

DOCDATE 26 OCT 81

DECLASSIFIED
White House Guidelines, August 28, 1997
By CAS NARA, Date 2/16/01

KEYWORDS: EAST WEST TRADE

USSR

OIL

GAS

EXPORT CONTROLS

NSC

SUBJECT: SUGGESTIONS FOR CONDUCT OF 16 OCT' NSC MTG

ACTION: FOR INFORMATION

DUE:

STATUS C

FILES IFM O

FOR ACTION

FOR CONCURRENCE

FOR INFO

ALLEN

COMMENTS

REF#

LOG 8190021

8190027

NSC IFM NSC00023

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ACTION OFFICER (S)

ASSIGNED

ACTION REQUIRED

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System II 90025

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

INFORMATION

October 16, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: ALLEN J. LENZ *AL* *Note, especially highlighted items*
SUBJECT: Suggestions for Conduct of October 16, 1981,
National Security Council Meeting

Your objective is to progress toward completion of the framework of U.S. policies toward the Soviet Union by obtaining decisions on at least one of two important missing elements required to guide operations now and in the months immediately ahead:

- o Acceptance or revision of the SIG produced "East-West Policy Study;"
- o Establishment of an oil/gas policy from options earlier discussed in the NSC meetings.

While logic might seem to dictate deciding on our "East-West Policy" and then using that framework for basing our more specific oil/gas policy on the broader statement, in this instance, it seems desirable to make the oil/gas decision first for various reasons:

- o An oil/gas decision is needed promptly to permit dealing with ~~a heavy backlog~~ of license applications;
- o We are ill-equipped to deal with our Allies on the Siberian Pipeline issue until we have set our own policy on U.S. exports that would contribute to the construction of the pipeline;
- o While the policy adopted on oil/gas controls should be consistent with the more abstract statements in the East-West Policy Study, selection of an oil/gas policy option is unlikely to be determined by the necessarily somewhat abstract statements of the East-West Policy Study; rather, the general policy statements will more likely be driven by the necessarily more specific oil/gas policy option selected.

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Review October 16, 1987

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BY *smf*, *DATE* 10/26/04

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Given the 140 minutes of NSC discussion already devoted to East-West Trade Controls and the fact that positions are not only sharply divided, but appear to be firmly held, it is not clear that this discussion will shed new light on the issue and it may be difficult to control the direction of the discussions. However, given that the basic objective is to renew Presidential focus on an oil/gas decision, it is desirable to narrow the discussion to that topic.

A tight definition of objectives of the meeting and guidelines for the discussion statements may be useful in narrowing their scope and in maintaining some semblance of direction in the discussion.

~~_____~~
could influence the selection of oil/gas policy is the allegations that denial of licenses for certain components of GE turbines apparently manufactured exclusively in the U.S. would delay construction of the pipeline by approximately two years. Further background on this issue is at Tab I.

Should the discussion wander to the matter of the pipelayers, you should consider whether to: (1) state that, based on repeated statements by various Japanese representatives, there is a widespread interagency belief that the Japanese never indicated that they would not follow a U.S. lead in refusing to sell pipelayers to the Soviets; and (2) ask Secretary Haig if he can clarify the matter.

~~_____~~ Norman Bailey believes that he has convinced DOD (during conversations with Steve Bryen) that DOD should accept Option III (deny all technology and end-use equipment exports for major projects, while approving end-use equipment not for major projects) and that Commerce will shift from Option IV to acceptance of this compromise position.

If, indeed, DOD is willing to make this change, others who elected the Option I or II category will be undercut and Option III will become an attractive decision alternative for the President.

Why would DOD make this change in their position? Larry Brady feels that they might do so on the theory that, even under this option, DOD will be able to dominate the process and control essentially all oil and gas equipment exports to the USSR. In other words, a decision for Option III simply avoids a clear cut NSC policy decision and pushes the problem back to the agencies, where arguments will rage on an individual basis over whether the end usage is for a "major project." For example, what kind of decision would be made under Option III in the case of the pending application for 200 pipelayers (a fungible equipment item) when the indicated end use is for projects other than the Siberian Pipeline, but it is clear that, wherever they are used, such pipelayers will contribute directly to Soviet ability to build the pipeline?

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Larry also feels that the only way to give credibility to our position is to place oil and gas equipment under national security controls (I or II), or to remove the controls on oil and gas equipment entirely because the Allies either intentionally or unintentionally, confuse these foreign policy controls with national security controls, and the effect is to send misleading signals every time an equipment case is approved in the foreign policy area. He admits, however, that the chances of getting the Allies to impose similar security controls on oil and gas equipment is very small.

What we do on oil and gas controls will, of course, also have ramifications on our ability to sell our position on other COCOM security controls to the Allies.

After the experience of his recent trip to Europe, Larry says that if we license 200 pipelayers before the scheduled COCOM high-level meeting in November, he doesn't want to make the trip.

At Tab II is a suggested guide for conduct of the meeting.

Attachments

Tab I	"Effects of U.S. Denial of Licenses to Export G.E. Turbine Components"
Tab II	Guide for Conduct of Meeting

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EFFECTS OF U.S. DENIAL OF LICENSES TO
EXPORT G.E. TURBINE COMPONENTS

A recent reporting cable indicated that the U.S. is the only current source of some components essential to production of turbines that would be manufactured in Europe to be supplied to the Siberian Pipeline. The implication is that denial of these components could significantly delay completion of the pipeline. Relevant facts include the following:

- o G.E. representatives visited various agencies last week, emphasizing that the components (rotors and shafts) embodied no high technology, but indicating that the U.S. is the current sole source of this item.
 - o The value of these components that would be supplied by G.E. is approximately \$175 million, 875 manyears of G.E. production.
 - o The technology has been licensed to a French company, but is not used by them in current production. Beginning production would take them up to 18 months; an additional 28 months thereafter would be required to complete delivery.
 - o Thus, delivery of the turbines could be delayed as much as 2 to 2 1/2 years by U.S. refusal to allow export. Delay in delivery of the turbines does not necessarily translate to an equivalent delay in pipeline completion, but current thinking is that the resulting pipeline delay would be roughly equivalent.
 - o These rotor and shaft items are currently exportable under a general license (no specific Commerce application approval required.) Shipments have already begun.
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E.O. 12958
As Amended
Sec. 1.4C

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NLS 11284 #1

By smf, NARA, Date 10/26/04

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NLC M 1284 #8

SUGGESTED FORMAT FOR CONDUCT OF

OCTOBER 16 NSC MEETING BY Amf, NARA, DATE 10/26/04

As noted in the circulated agenda paper, some major segments of our policy on relations with the Soviet Union have been set. However, our overall policy framework is lacking at least two important elements that urgently require decisions to guide both longer term planning and the conduct of day to day business. The two major elements on which we wish to focus today are:

- o The East-West Study.
- o The policy to be adopted on the export to the USSR of oil and gas equipment and technology.

It might seem appropriate to work first with the more general East-West Policy Study and then to proceed from that to the narrower matter of our policy on oil and gas equipment.

However, there are sound reasons to deal first with the oil and gas controls issue:

- o We need guidance for ^{proper} decisions on ~~an accumulating backlog of~~ oil and gas licenses applications.
- o The oil/gas policy we adopt will have an important effect on our credibility in discussions with our allies concerning the Siberian Pipeline. These discussions should be conducted as soon as practical.

I recognize that there are other East-West trade issues -- some of them related to our oil/gas policy -- that might benefit from discussion in this meeting. However, if we are to make progress on the oil/gas issue, I believe we should confine our discussion to this issue and to matters directly bearing on it

Thus, I suggest that, except as they may relate directly to the oil/gas issue, we do not discuss today:

- o The pending Caterpillar license for an additional 200 pipelayers.
- o The proposed International Harvester Company sale to the USSR of technology to manufacture grain harvesting equipment.
- o The alternatives that may be proposed to our allies on the Siberian Pipeline. However, I suggest that Secretary Haig may wish to give us a brief update on progress on this matter.

- o Our proposals to the allies on changes in our multilateral (COCOM) security controls. In lieu, I suggest Under Secretary Olmer give a brief rundown on progress to date.

Mr. President, is this satisfactory?

Secretary Haig: Would you briefly review progress on alternatives to the pipeline?

Under Secretary Olmer: Would you briefly review progress on proposals to our allies to strengthen the COCOM Security Controls?

Guidelines

I suggest we now turn to the issue of oil/gas controls. Five options were included in the July discussions and in the agenda paper forwarded for this meeting.

In very brief statements that we will have to limit to 3 minutes, I suggest that each participant restate his recommendation and note any developments since our earlier meetings that are particularly relevant to the decision to be taken.

Secretary Haig, would you like to begin?

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TO AGENCIES FROM ALLEN DOCDATE 15 OCT 81

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White House Guidelines, August 28, 1997
By CAS NARA, Date 2/16/01

KEYWORDS: EAST WEST RELATIONS EAST WEST TRADE
EXPORT CONTROLS OIL
AGENDA
SUBJECT: PRES BRIEFING MEMO & AGENDA FOR 16 OCT NSC MTG

ACTION: ALLEN SGD MEMO TO AGENCIES DUE: STATUS C FILES IFM O

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October 15, 1981

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD V. ALLEN *Rich*
SUBJECT: National Security Council Meeting
Friday, October 16, 1981 - 2:00 - 3:00 p.m.

You will chair a National Security Council meeting in the Cabinet Room of the White House at 2:00 p. m. on Friday, October 16, 1981. The agenda items to be discussed are:

- (a) East West Trade
- (b) East-West Relations

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Review on October 15, 2001
Extended by RVAllen
Reason NSC 1.13(d)(e)

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White House Guidelines, August 28, 1997
By *CHS* NARA, Date *2/16/01*

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BY *CHS*, NARA, DATE *10/30/05*

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EAST-WEST TRADE

The second item to be discussed is on the Controls on Exports of Oil and Gas Equipment and Technology to the Soviet Union.

At the July 6 and 9 NSC meetings your advisors unanimously recommended that the U. S. should request the 15 Allied nation Coordinating Committee (COCOM) to agree to significantly tighten controls on exports to the USSR. However, there was some disagreement on the degree of increase to be sought. You instructed Secretaries Haig, Weinberger and Baldrige to work out a compromise position. This has been done and work on implementing these decisions has begun.

You will recall, however, that no consensus was reached during the July meetings on export controls on oil and gas equipment and technology to the USSR that would go beyond the COCOM security controls which, even if the new proposals you have approved are accepted by the Allies, would have a relatively minor restrictive effect. Indeed, the discussions revealed generally sharp differences among your advisors.

All agencies support some control over the export of oil and gas equipment and technology to the Soviet Union. The degree of support varies, ranging from those who support comprehensive national security controls to those who support controls only for major Soviet projects and to those who wish to control only the export of sophisticated technology. It should be noted that we currently control sophisticated technology under an interim measure adopted by the Carter Administration. One option is to continue this policy.

A central factor in this debate is whether our Allies and friends will join us in supporting such an embargo that will cover more than sophisticated technology. There is no doubt it will be difficult to get their agreement. Thus, a decision to control oil and gas equipment and technology -- almost none of which is currently under COCOM security controls -- will require U. S. export restrictions that, at least initially, will be unilateral, with uncertain prospects of subsequent Allied cooperation. This does not mean that we should stop trying to persuade our Allies to implement tight controls.

Additionally, the U. S. export losses that may result from increased restrictions on oil and gas equipment may be larger -- though perhaps less immediately visible -- than those that would

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have ensued from pipelayer license denials. On the other hand, it can be argued that enhanced controls on oil and gas equipment and technology are essential to give credibility to our efforts on the Siberian Pipeline.

Your decision on oil and gas controls will be seen domestically, as well as by our Allies and by the Soviets, as an important indicator of your overall policy and will also affect our efforts to block or delay the Siberian Pipeline. Further, pending your policy determination, decisions on oil and gas export licenses are not being made by the relevant U. S. agencies and a substantial backlog of applications has accrued. All these factors call for an early decision.

It is most unlikely that further NSC discussion would narrow the division of opinion among the agencies. A recent Senior Inter-departmental Group concurred in this judgment.

Various options with pros and cons are at Tab A.

EAST-WEST RELATIONS

This is one of the most important NSC topics of the Administration and will form the basis of our entire foreign policy.

Soviet-American relationships will be entering a most dangerous phase during the coming decade, independent of any major U.S. policy change. Increased Soviet power threatens all Western and Third World countries. Every effort will be exerted by the Soviets to separate the United States from our Allies in order that their task will be easier.

The overriding objective of U.S. policy toward the Soviet Union will be to blunt and contain Soviet imperialism. This goal involves rising the costs and risks of Soviet expansion and, to the extent feasible, encouraging democratic processes in the USSR.

A major interagency study was conducted to determine appropriate U.S. actions to be taken to blunt the Soviets. Predicated on this study, you will be asked to approve a series of measures.

However, it is important to keep in mind that this paper and these steps do not constitute an adequate theoretical base for a foreign policy toward the Soviet Union. They are rather a series of steps, mostly tactical in nature, designed to take us through the short term. We will need to return to the subject of a coherent, long-range strategy to guide our relations with the Soviet Union.

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I. Restoration of a Satisfactory Military Balance

- A. Nuclear Forces - Redress current imbalance through a comprehensive modernization program.
- B. Conventional Forces - Modernize conventional forces in order to respond to Soviet actions throughout the world without necessarily having to resort to nuclear weapons.
- C. Arms Control - Pursue an arms control policy which enhances national security by limiting Soviet systems most threatening to the U. S. Do not expect near-term agreements.

II. Defend Western Interests in Areas of Instability

- A. Preempt Soviet opportunism, by pressuring their proxies.
- B. Seize initiative from Soviets in Third World, through diplomatic, economic, and, if necessary, military means.
- C. Intensify pressure on Soviets in Afghanistan.
- D. Special interest in Persian Gulf, Near East, Central America and Southern Africa.

III. Improve Cooperation with European and Asian Allies

- A. Europe - Urge leaders to work to reduce political constraints on defense policies, increase commitment of resources, work toward Allied agreement on arms control strategy, arrest growing dependency on the Soviet Bloc and achieve greater understanding of U. S. policies. (These issues to be treated more fully in a follow-on study.)
- B. East Asia
 - 1. Japan - Increased defense spending and greater diplomatic and economic assistance in coordination with U. S. efforts.
 - 2. China - Solidify association, strengthen ability to resist Soviet intimidation, while we maintain support for Taiwan.
 - 3. Strengthen support for Allies and ASEAN states.

IV. Refashion East-West Economic Relations

Western economic policy must:

- A. not increase Soviet capacity to wage war;
- B. narrow opportunities for Soviet economic leverage;
- C. not ease general Soviet resource constraints and associated political difficulties.

V. Promote Positive Trends in Eastern Europe

- A. Support greater internal liberalization.
- B. Seek to block Soviet intervention in internal affairs of the Bloc.
- C. Improve relations with relative liberal Eastern Europeans on the basis of strict reciprocity, and "differentiation."

VI. Spotlight Deficiencies in Soviet System

Through ICA and BIB increase broadcasts to the Soviet Union, the satellites, Soviet Third World clients and countries important to the U.S., outlining deficiencies in the Soviet system.

VII. Maintain Effective Communications with the Soviet Union

Maintain dialogue to prevent dangerous misunderstanding, ensure the Soviets understand our purpose and demonstrate our openness to constructive Soviet approaches.

VIII. Follow-on Action

- A. Establish a Standing Interagency Group to ensure proper implementation of your decisions.
- B. Establish an Interagency Group to conduct a study of major Alliance relationships.

The back-up papers for this agenda item are so voluminous, they are not included, but were provided you at a previous NSC meeting.

Statement of Pros and Cons

[REDACTED]

The U.S. will actively impede Soviet oil and gas production and export projects. The U.S. will impose national security controls on, and deny export licenses for, all oil and gas equipment and technology. We will use our available leverage to pressure our Allies and friends to adopt similarly restrictive measures.

Pro:

(a) Hinders development of a strategically significant industry which is a key component of the Soviet's military-industrial base. Insofar as oil and gas production is an instrument of Soviet domestic and foreign policy, we should actively impede the Soviets' economic strength, political influence and military potential.

(b) Diminishes Soviet ability to earn hard currency through energy exports to the West. Frustrates the Soviets' professed aim to acquire Western technology. Promotes increased competition between the military and civilian sectors.

(c) Discourages European dependence on Soviet natural gas, thereby avoiding a potential weakening of NATO Alliance cohesion.

Con:

(a) Experts disagree on whether, without Allied cooperation, an embargo would have a significant effect on Soviet energy production, and on Soviet ability to pursue major export projects including the Siberian Pipeline.

(b) Would strain U.S. and Allied relations. Europeans would view U.S. action as insensitive to their economic and energy needs. This would contribute to a long-term Soviet objective of driving a wedge between the U.S. and our NATO Allies and Japan.

(c) Hindering Soviet energy development could prompt further Soviet adventurism or efforts to increase their influence in the Middle East.

[REDACTED]

The U.S. will attempt to impede Soviet oil and gas production and export projects. Recognizing that our Allies and friends may not follow suit without unacceptably high political costs, we will use less leverage than in Option I. We would consider, after consultations with our Allies, adopting a multilateral approach less restrictive than implied in Option I. Until this is worked out, the U.S. will deny export licenses for technology and equipment.

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BY smf, NAAA DATE 10/26/04

Pro:

Retains the basic benefits of Option I, but is more flexible and thereby avoids straining relations with Allies.

Con:

Contains same drawbacks as Option I, but additionally may indicate less U.S. resolve to limit Soviet energy developments.

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The U.S. is most concerned about major Soviet projects which contribute to Soviet production capability and our Allies' vulnerability to Soviet energy leverage (e.g., West Siberian Pipeline). The U.S. will make a major effort with other countries to restrict exports of equipment and technology for such projects. Until this is worked out the U.S. will deny all technology and end-use equipment exports for major projects while approving end use equipment exports not for major projects.

Pro:

(a) Would focus U.S. leverage on major projects.

(b) More likely to be accepted by Allies because it is more closely related to Western security concerns.

(c) Offers commercial benefits to U.S. and Allied exporters in areas not of major security concerns.

Con:

(a) Difficult to identify discrete major projects or to prevent diversion of mobile oil/gas equipment. Opportunities for leverage may therefore be limited to those items which are essentially stationary, such as pipe, wellhead assemblies, down hole equipment, and compressors.

(b) Effectiveness would be limited unless Allies agree to restrict comparable sales of technology and equipment to the Soviets. To the extent Allies fail to cooperate, compromises Western security.

(c) Denies possibility to U.S. companies of participating in major Soviet oil and gas related trade opportunities.

~~Ontario~~

Rather than attempting to impede oil and gas production and exports, our goal will be to deny exports of technology that allow the Soviets to replicate advanced Western equipment; this technology would give them an independent capability to improve oil and gas output and infrastructure. The U.S. will approve exports of end use equipment.

Pro:

(a) Hinders Soviet energy independence by impeding their efforts to develop technological capabilities. Denying certain critical equipment and expertise in conjunction with our Allies could also retard Soviet oil/gas production, distribution and exports.

(b) Reduces possibility of confrontation with Allies. Would permit continued European purchases of Soviet energy which acts as a hedge against dependence on Middle Eastern oil and gas from less reliable suppliers.

(c) Encourages some Soviet dependence on imports of U.S. equipment and contributes positively to the U.S. balance of payments.

Con:

(a) Increases European reliance on Soviet energy, which, regardless of any safety net, could to some extent make our Allies more vulnerable to Soviet pressure.

(b) To some extent, supports inefficient Soviet civilian sector by giving USSR access to equipment it chooses not to develop, thereby perhaps facilitating resource allocation to the military.

(c) Prevents U.S. companies from competing for some Soviet oil and gas related trade opportunities, and creates incentives for the Soviets to seek U.S. imports.

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Date: 15 OCT 1981

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	___ Mr. Gregg	___ Mr. Lord	___ Mr. Tyson
___ Mr. Bailey	___ Mr. Guhin	___ Mr. Nau	___ Mr. Weiss
___ Col. Berta	___ Mr. Huberman	___ Mr. Pipes	___ Mr. Wettering
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THE WHITE HOUSE
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October 15, 1981

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF COMMERCE
THE COUNSELLOR TO THE PRESIDENT ✓
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE UNITED STATES REPRESENTATIVE TO THE
UNITED NATIONS
THE UNITED STATES TRADE REPRESENTATIVE
THE CHIEF OF STAFF TO THE PRESIDENT
THE DEPUTY CHIEF OF STAFF TO THE PRESIDENT
THE CHAIRMAN, JOINT CHIEFS OF STAFF

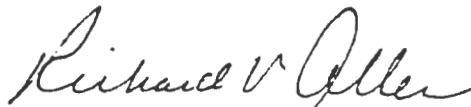
SUBJECT: National Security Council Meeting

The President will chair a National Security Council meeting in the Cabinet Room of the White House on Friday, October 16, 1981, from 2:00 to 3:00 p.m. (60 minutes). The agenda will be as follows:

- (a) East-West Trade
- (b) East-West Relations

Papers for agenda item (a) were previously distributed. Papers for agenda item (b) are attached.

FOR THE PRESIDENT:



Richard V. Allen
Assistant to the President
for National Security Affairs

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Declassify on October 15, 1983

DECLASSIFIED
White House Guidelines, August 28, 1997
By AS NARA, Date 7/16/01

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EAST-WEST TRADE AND EAST-WEST POLICY

The purpose of the meeting is to facilitate some key decisions required to complete the framework of U.S. policies concerning the Soviet Union.

To date, a comprehensive East-West Policy Study covering U.S.-Soviet political, military and economic relations has been completed and is awaiting approval.

Additionally, July NSC meetings discussed four aspects of U.S. policy on trade with the Soviet Union:

- Allied Security Controls;
- Controls on Oil and Gas Equipment and Technology;
- The Siberian Pipeline;
- Caterpillar Pipelayer License.

As an outgrowth of these meetings, a U.S. Policy on Allied Security Controls was formulated and work on implementing this policy is in progress. Similarly, a basic U.S. position on the Siberian Pipeline was developed and communicated to our Allies at the Ottawa Summit and work is in progress on alternatives to the Pipeline for presentation to our Allies later this fall.

In late July, Caterpillar's application for export of 100 pipelayers to the Soviet Union was approved and in September Caterpillar submitted an application for an additional 200 pipelayers for use on Soviet pipeline construction other than the Siberian Pipeline. Action on this application is pending.

In another action relevant to our overall policy, in October grain discussions the U.S. offered to sell the Soviets an additional 15 million tons of grain in crop year 1982, increasing the total allowable without further consultations to 23 million tons.

These actions have set portions of our policy. However, two decisions are required to complete the broad outlines of our long-term Soviet policy, to provide the basis for completing our Siberian Pipeline strategy, and to guide export licensing and other decisions that must be made in the near term:

- o Acceptance (or reformulation) of the broad policy guidance set out in the "East-West Policy" Study.
- o Setting a policy on Oil/Gas Controls.

The East-West Policy Study includes a section on "East-West Economics" which prescribes broad East-West Trade objectives and policies. However these more abstract statements will be either supported or contravened in tangible form by the specific policy adopted on exports of oil and gas equipment and technology to the U.S.S.R.

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~~SECRET~~

NLS M/284 *12

BY 2mf, NARA, DATE 10/26/04

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2

Given the urgent need for a stated oil/gas policy to guide day-to-day licensing decisions and other operations, and the need to complete development of our position on the Siberian Pipeline, it may be useful to reexamine this issue in the light of events since the July discussions.

The attached oil/gas papers, previously provided for the July meetings, may be useful discussion references. The East-West Policy Study has been previously forwarded and is not provided in this transmittal.

Attachments

NSC Staff Prepared Summary: Controls on Exports to the USSR of
Oil and Gas Equipment and Technology

Policy Options Paper: Controls on Export to the USSR of Oil and
Gas Equipment and Technology

SECRET



NLS M1284 #13

NSC STAFF PREPARED SUMMARY

Controls on Exports to the USSR of Oil and Gas
Equipment and TechnologyBY smf 10/24/60

Issue: What licensing policy should the United States adopt on controlling exports to the USSR of equipment and technology for the exploration and development of Soviet oil and natural gas? Implicit in this decision is whether the U.S. should treat oil and gas production equipment and technology as strategic commodities.

The U.S. Policy on Soviet Energy Developments

The State options papers do not directly examine the basic question, "Is it in the interest of the U.S. and the Western industrial democracies to assist energy development in the Soviet Union?" The major arguments are:

Yes

- Developing Soviet energy helps them overcome potential energy and hard currency shortages and reduces their motivation to aggression in the Persian Gulf area.
- Increases the world oil supply and keeps the Soviets from purchasing on Western oil markets, reducing pressure on world oil prices.
- Maintains a cooperative relationship with the Soviet Union in an important economic area to offset the competitive relationship in military sectors.
- Results in substantial export and employment benefits for U.S. and Allied countries.

No

- It is unlikely that the Soviet Union will ever become dependent on the world market for oil imports; if it decides to intervene in the Persian Gulf, it will do so for reasons other than to obtain oil; e.g., to deprive the West of oil.
- Western equipment and technology reduces the costs of energy development to the Soviet Union and frees resources for application in the Military Sector.

- Western assistance contributes to an expansion of Soviet energy exports to the West and to Eastern Europe and increases their dependency on the USSR.
- It is inconsistent to seek increases in defense expenditures while making it easier for the Soviets to devote resources to their military.

Current U.S. Policy

The Carter Administration imposed special licensing requirements on exports of oil and gas related items in 1978, and tightened controls in early 1980 as part of the response to the Soviet invasion of Afghanistan. The 1980 policy, currently in force, sets a general presumption to deny exports of technology for the manufacture of oil and gas equipment, but retains the presumption to approve exports of end use equipment not subject to multilateral COCOM controls.

We need to clarify or modify current policy on oil and gas equipment and technology -- a key element in our overall export control policy -- to inform U.S. business, our European Allies, and the Soviets of our intentions and to provide a framework for U.S. actions concerning the Siberian Pipeline.

Soviet Energy

The Soviet Union needs to expand its gas production and increase oil exploration and drilling to offset anticipated declines in oil production. Without such development it may be increasingly difficult to meet domestic and East European energy requirements, let alone to generate hard currency earnings by exports of oil and gas. The Soviets plan to use Western equipment in developing their resources, since it is substantially more efficient than Soviet equipment.

U.S. Technological Leverage

U.S. based firms are the sole source suppliers of certain advanced types of equipment and technology and generally dominate the world market in these areas. However, opinions differ widely on the quality and availability of substitutes for these items and on the effectiveness of unilateral U.S. restrictions. It is generally agreed, however, that Allied restrictions would have much more significant long-term effects on Soviet production than unilateral U.S. efforts.

Western European Perspective

Western European leaders generally favor unrestricted exports of oil and gas equipment and technology to the USSR and do not currently control exports in this area. Some see the Soviets as a more secure source than the Middle East and as a means to reduce their dependence on OPEC oil. They recognize that energy purchases from the Soviets will be spent in their own economies. A number of West European leaders also see development of domestic Soviet energy resources as mitigating Soviet adventurism in the Persian Gulf. They are thus likely to resist a restrictive approach to East-West energy trade.

Soviet Hard Currency Earnings

Oil exports currently provide about 50 percent of Soviet hard currency earnings. If Soviet oil production declines as CIA predictions indicate, the Soviets will be forced to discontinue oil exports by the end of this decade. Loss of this major source of hard currency could constrain Soviet ability to maintain current levels of imports from the West unless natural gas exports can be increased significantly.

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POLICY OPTIONS PAPER

Controls on Export to the USSR of Oil
and Gas Equipment and Technology

Issue: What policy should the United States adopt on controlling oil and gas equipment and technology exports to the Soviet Union? Should the United States treat Soviet oil and gas development and exports to Western Europe as a national security concern?

Approach: The Administration's decision on this issue should take into account:

- the extent to which we wish to impede Soviet energy development exports;
- the political costs vis-a-vis our Allies we are willing to pay in pursuit of this policy; and,
- the extent to which we wish to control export of technology.

In order to make those options that restrict energy exchange with the Soviet Union both effective and equitable, the U.S. should present a substantial incentives package, which will contribute to Allied energy security. Such a package should aim at increasing Alliance access to additional sources of energy and at furthering sustained Alliance cooperation on energy security concerns.

Attachment

Statement of Pros and Cons

DECLASSIFIED / RELEASED

NLS 171284#14

BY smf, NAHA, DATE 10/26/04

SECRET

Statement of Pros and Cons

NIS M 1284 # 15

Option I

The U.S. will actively impede Soviet oil and gas production and export projects. The U.S. will impose national security controls on, and deny export licenses for, all oil and gas equipment and technology. We will use our available leverage to pressure our Allies and friends to adopt similarly restrictive measures.

BY omf NARA, DATE 10/26Pro:

(a) Hinders development of a strategically significant industry which is a key component of the Soviet's military-industrial base. Insofar as oil and gas production is an instrument of Soviet domestic and foreign policy, we should actively impede the Soviets' economic strength, political influence and military potential.

(b) Diminishes Soviet ability to earn hard currency through energy exports to the West. Frustrates the Soviets' professed aim to acquire Western technology. Promotes increased competition between the military and civilian sectors.

(c) Discourages European dependence on Soviet natural gas, thereby avoiding a potential weakening of NATO Alliance cohesion.

Con:

(a) Experts disagree on whether, without Allied cooperation, an embargo would have a significant effect on Soviet energy production, and on Soviet ability to pursue major export projects including the Siberian Pipeline.

(b) Would strain U.S. and Allied relations. Europeans would view U.S. action as insensitive to their economic and energy needs. This would contribute to a long-term Soviet objective of driving a wedge between the U.S. and our NATO Allies and Japan.

(c) Hindering Soviet energy development could prompt further Soviet adventurism or efforts to increase their influence in the Middle East.

Option II

The U.S. will attempt to impede Soviet oil and gas production and export projects. Recognizing that our Allies and friends may not follow suit without unacceptably high political costs, we will use less leverage than in Option I. We would consider, after consultations with our Allies, adopting a multilateral approach less restrictive than implied in Option I. Until this is worked out, the U.S. will deny export licenses for technology and equipment.

Pro:

Retains the basic benefits of Option I, but is more flexible and thereby avoids straining relations with Allies.

Con:

Contains same drawbacks as Option I, but additionally may indicate less U.S. resolve to limit Soviet energy developments.

Option III

The U.S. is most concerned about major Soviet projects which contribute to Soviet production capability and our Allies' vulnerability to Soviet energy leverage (e.g., West Siberian Pipeline). The U.S. will make a major effort with other countries to restrict exports of equipment and technology for such projects. Until this is worked out the U.S. will deny all technology and end-use equipment exports for major projects while approving end use equipment exports not for major projects.

Pro:

(a) Would focus U.S. leverage on major projects.

(b) More likely to be accepted by Allies because it is more closely related to Western security concerns.

(c) Offers commercial benefits to U.S. and Allied exporters in areas not of major security concerns.

Con:

(a) Difficult to identify discrete major projects or to prevent diversion of mobile oil/gas equipment. Opportunities for leverage may therefore be limited to those items which are essentially stationary, such as pipe, wellhead assemblies, down hole equipment, and compressors.

(b) Effectiveness would be limited unless Allies agree to restrict comparable sales of technology and equipment to the Soviets. To the extent Allies fail to cooperate, compromises Western security.

(c) Denies possibility to U.S. companies of participating in major Soviet oil and gas related trade opportunities.

Option IV

Rather than attempting to impede oil and gas production and exports; our goal will be to deny exports of technology that allow the Soviets to replicate advanced Western equipment; this technology would give them an independent capability to improve oil and gas output and infrastructure. The U.S. will approve exports of end use equipment.

Pro:

(a) Hinders Soviet energy independence by impeding their efforts to develop technological capabilities. Denying certain critical equipment and expertise in conjunction with our Allies could also retard Soviet oil/gas production, distribution and exports.

(b) Reduces possibility of confrontation with Allies. Would permit continued European purchases of Soviet energy which acts as a hedge against dependence on Middle Eastern oil and gas from less reliable suppliers.

(c) Encourages some Soviet dependence on imports of U.S. equipment and contributes positively to the U.S. balance of payments.

Con:

(a) Increases European reliance on Soviet energy, which, regardless of any safety net, could to some extent make our Allies more vulnerable to Soviet pressure.

(b) To some extent, supports inefficient Soviet civilian sector by giving USSR access to equipment it chooses not to develop, thereby perhaps facilitating resource allocation to the military.

(c) Prevents U.S. companies from competing for some Soviet oil and gas related trade opportunities, and creates incentives for the Soviets to seek U.S. imports.

	Security Controls	Oil/Gas	Siberian Pipeline	Caterpillar Pipelayer License
I	Restrict Equipment and technology critical to military production and use.	Deny all oil and gas equipment and technology licenses. Pressure our Allies to do same.	Deny U.S. Licenses. Press Allies to cancel negotiations.	Deny the license.
II	Restrict as in I <u>plus</u> items for Defense priority industries which would significantly enhance Soviet military.	Attempt less restrictive multilateral approach than in I. Deny licenses while consulting with Allies.	Withhold U.S. licenses. Encourage Allies to do same until safety net plans set.	Deny if Japanese will also deny.
III	Restrict as in II but for all items for use in Defense priority industries.	Strong effort to impede major Soviet energy projects thru multilateral action. Deny licenses while consulting.	Recognize inability to cancel or significantly delay project. Continue work to minimize strategic implications.	Approve the license.
IV		Deny exports of technology. License equipment.	Laissez faire. Let market determine European energy import and security policies.	
V		No special controls on oil/gas equipment and technology. Continue existing security controls.		

AGENCY POSITIONS ON
ALLIED SECURITY AND ENERGY CONTROLS

	Security Controls	Oil/Gas	Siberian Pipeline	Caterpillar Pipelayer License
State	II	IV	Tough III	Issue License
Defense	II plus ad hoc III	I to II	I to II	I (Deny)
Commerce	II - Tighten at top - Loosen at bottom	IV	III	Issue (III)
Energy	II	III or IV	II, but III more practical	II
USTR	Modified II Limited to high technology - Less concern re product	IV	III	Issue (III)
Treasury	II	IV	III	Issue (III)
CIA	As close to III as Allies will accept	I or II	I or II	Deny
JCS	As tight as possible II - III	I	I-II	Deny (I)
OMB	II	IV	III	Issue (III)
USUN	II plus item by item analysis toward III	I	I	I

~~SECRET~~

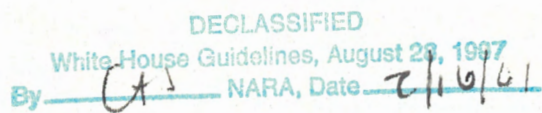
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M1284 #16
10/26/04

RECEIVED 14 OCT 81 16

TO AGENCIES FROM ALLEN

DOCDATE 07 OCT 81



KEYWORDS: EAST WEST RELATIONS IRAN

NSC

SUBJECT: NSC MTG ON 8 OCT

ACTION: ALLEN SGD MEMO TO AGENCIES DUE: STATUS C FILES **IF FILE** *M*

FOR ACTION

FOR CONCURRENCE

FOR INFO

COMMENTS

REF# LOG 8190010 NSC/FID NSC00023 (B / B)

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

DISPATCH _____ W/ATTCH FILE _____ (C)

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

October 7, 1981

Jeanne,

Attached per our conversation.

I have also attached the original memo for
files over there?

Thanks much,

OBE

Kathy

5:25 pm
Per Drew

Meeting Cancelled

THE WHITE HOUSE
WASHINGTON

II-90014

~~SECRET~~

October 7, 1981

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE COUNSELLOR TO THE PRESIDENT
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE UNITED STATES REPRESENTATIVE TO THE
UNITED NATIONS
THE CHIEF OF STAFF TO THE PRESIDENT
THE DEPUTY CHIEF OF STAFF TO THE PRESIDENT
THE CHAIRMAN, JOINT CHIEFS OF STAFF

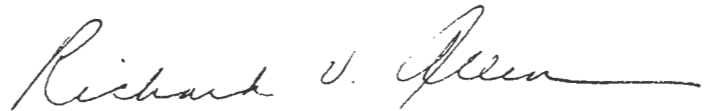
SUBJECT: National Security Council Meeting

The President will chair a National Security Council meeting in the Cabinet Room at 3:00 p.m. on Thursday, October 8, 1981. The agenda items to be discussed are:

- (a) East-West Relations
- (b) Policy Toward Iran

Papers for both agenda items have been previously distributed.

FOR THE PRESIDENT:



Richard V. Allen
Assistant to the President
for National Security Affairs

DECLASSIFIED
White House Guidelines, August 28, 1997
By smf NARA, Date 4/16/03

~~SECRET~~

Review on October 7, 1987

Handwritten notes:
10-11-81
5:25 PM
Pm

RECEIVED 09 OCT 81 07

TO

ALLEN

FROM LENZ

DOCDATE 02 OCT 81

DECLASSIFIED
White House Guidelines, August 28, 1997
By CJS NARA, Date 1/6/01

KEYWORDS: EAST WEST ECONOMICS

USSR

NSC

SUBJECT: NSC MTG ON EAST WEST POLICY STUDY ON OCT 5

ACTION: FOR INFORMATION

DUE:

STATUS C

FILES IFM C

FOR ACTION

FOR CONCURRENCE

FOR INFO

ALLEN

COMMENTS

REF #

LOG

NSCIFID NSC00023 (J / B)

ACTION OFFICER (S)

ASSIGNED

ACTION REQUIRED

DUE

COPIES TO

C 12/15 OBE/orig not returned

DISPATCH

W/ATTCH FILE (C)

5 OCT

NOTES RE: Attached System II item

- 1) Was rec'd in an envelope along
with a number of System I items
- 2) Where is the "only 1 copy"
that is supposed to exist in
accordance w/staff notice

~~SECRET~~

MEMORANDUM

System II

NATIONAL SECURITY COUNCIL

90010

~~SECRET~~

ACTION

October 2, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: ALLEN J. LENZ *ajl*

SUBJECT: NSC Meeting on the East-West Policy Study (U)
Monday, October 5, 1981, 1:30-2:30 p.m.

Dennis Blair and I have updated the script previously prepared for your use in conducting the East-West Policy NSC meeting. Changes made take cognizance of the fact that the East-West Policy topic was introduced in an earlier meeting and, also, the possibility that the East-West economics portion of the paper might be challenged. (C)

As noted in our previous memo, NSC consideration of the East-West Policy Study offers two important opportunities:

- Consensus NSC approval for a tough comprehensive policy on the Soviet Union to serve as the core of our overall foreign policy;
- Establishment of a standing interagency committee to monitor implementation of the policy. (S)

The Study (63 pages, with 12-page executive summary and five-page decision directive) has been unanimously approved at the SIG level. It amounts to the toughest government policy on the Soviet Union since NSC-68 (1949). Although it is written in general terms which, especially in the short decision directive border on platitudes, marks a major break with our Soviet policy of the past decade. It takes strong positions on such specific issues as arms control policy, and other issues which have split the government for years. Although the document is not ideal, it is strong enough to provide a much-needed comprehensive blueprint of the administration's foreign policy. At the NSC meeting, the objective is formal adoption of the five-page decision memorandum or a modified version thereof and recognition of the longer study as its basis. (S)

A standing interagency group is called for in the study and the decision memo to "ensure proper implemenation" of the East-West policy. Without a watchdog, the inertia of the bureaucracy can revert to old ways. We strongly recommend that you as National Security Advisor chair this group. If you accept this recommendation, you may wish to line up support from other agencies (DOD, CIA) before the NSC meeting. (S)

~~SECRET~~

Review on October 2, 1987

DECLASSIFIED / RELEASED

NLS M1284 #17

~~SECRET~~

BY *SNK* DATE *10/26/04*

At Tab I is a script for your use to conduct the NSC meeting itself. At Tab II is a short discussion of the more controversial points of the East-West Policy Study. The decision directive drafted by the study group is at Tab III. (c)

RECOMMENDATION

That you use the script at Tab I for conducting the NSC meeting on East-West Policy. (u)

Approve _____

Disapprove _____

Attachments

Tab I	Script for NSC meeting
Tab II	Controversial Issues Paper
Tab III	Decision Directive on East-West Policy Study

RECEIVED
81 OCT 5 A7:08

JANET COLSON _____

BUD NANCE _____

DICK ALLEN _____

IRENE DERUS _____

JANET COLSON _____

BUD NANCE _____

PETER _____

CY TO VP _____

CY TO MEESE _____

CY TO BAKER _____

CY TO DEEVER _____

CY TO BRADY _____

SHOW CC _____

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Comments:

NSC/S PROFILE

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ID 8105745

RECEIVED 30 SEP 81 20

TO NANCL FROM PIPES
PIPES

DOCDATE 30 SEP 81

05 OCT 81

DECLASSIFIED
White House Guidelines, August 28, 1997
By CIS NARA, Date 2/16/01

KEYWORDS: EAST WEST RELATIONS NSC

SUBJECT RLQULST FOR INVITATION TO NSC MTG ON EAST WEST TRADE

ACTION. FOR DECISION DUE. STATUS C FILES IFM O

FOR ACTION

FOR CONCURRENCE

FOR INFO

NANCE

COMMENTS RLCD WW 10/01 0936 HRS / 10/05 ADDON RECD WW 10/05 1329 HRS

REF# LOG NSCIFID NSC00023 (DM B)

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

DISPATCH W/ATTCH FILE (C)

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

September 30, 1981

ACTION

MEMORANDUM FOR JAMES W. NANCE ✓

FROM: RICHARD PIPES *rl* NOTED

SUBJECT: NSC Meeting on East-West Paper

I understand that the next NSC meeting will take up the East-West Paper. Inasmuch as this is my special area of responsibility and that more than any other Staff member of the NSC I have been involved in the preparation of the document in question, I would appreciate being invited to sit in at that NSC meeting. *(et)*

RECOMMENDATIONThat I be invited to the NSC meeting on the East-West Paper. *(et)*

Approve _____ Disapprove _____

~~CONFIDENTIAL~~

Review September 30, 1987.

DECLASSIFIED / RELEASED

NLS M1284 #18

BY *onf* 10/26/04

JANET COLSON

BUD NANCE

DICK ALLEN

IRENE DERUS

JANET COLSON

BUD NANCE

PETER

CY TO VP

CY TO MEESE

CY TO BAKER

CY TO DEEVER

CY TO BRADY

Comments:

SHOW CC

SHOW CC

SHOW CC

SHOW CC

SHOW CC

ALL INFORMATION

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~ with
~~SECRET Attachment~~

October 5, 1981

INFORMATION

MEMORANDUM FOR JAMES W. NANCE

FROM: RICHARD PIPES *u*

SUBJECT: NSC Meeting on East-West Paper

Further to my memorandum to you of September 30 (Tab I) concerning the desirability of my being present at the NSC meeting devoted to the East-West paper. I attach my Weekly Report of September 18 (Tab II) with Dick Allen's comment. ~~(c)~~

Attachments:

Tab I Memorandum of September 30
Tab II Weekly Report of September 18.

DECLASSIFIED / RELEASED

~~CONFIDENTIAL~~ with
~~SECRET Attachment~~

Review October 5, 1987.

N.S. 11284 #19E. *smf*, NARA, DATE 10/26/04

MEMORANDUM

NATIONAL SECURITY COUNCIL

CONFIDENTIAL

September 30, 1981

ACTION

MEMORANDUM FOR JAMES W. NANCE

FROM: RICHARD PIPES *RP*

SUBJECT: NSC Meeting on East-West Paper

I understand that the next NSC meeting will take up the East-West Paper. Inasmuch as this is my special area of responsibility and that more than any other Staff member of the NSC I have been involved in the preparation of the document in question, I would appreciate being invited to sit in at that NSC meeting. *(c)*

RECOMMENDATION

That I be invited to the NSC meeting on the East-West Paper. *(c)*

Approve _____ Disapprove _____

CONFIDENTIAL

Review September 30, 1987.

DECLASSIFIED / RELEASED
NLS M1284 #20
BY *smf*, DATE 10/26/04

MEMORANDUM

NATIONAL SECURITY COUNCIL

September 18, 1981

~~SECRET~~INFORMATION

DECLASSIFIED / RELEASED

MEMORANDUM FOR RICHARD V. ALLEN

FROM: RICHARD PIPES *RP*NLS M1284 #21

SUBJECT: Weekly Report

BY Amf, NARA, DATE 10/26/04

Attended meeting at State, chaired by Scanlan, on Poland, which had been billed as "action"-oriented but turned out to be a leisurely bull session. At Wilson Institute, a representative of Solidarity and the Polish Planning Commission confronted U.S. bankers: the latter described how his government broke off negotiations with Solidarity that promised a resolution of their key differences over worker control of managerial appointments. Professor Rysiak and Ryszard Kapuscinski (editor of Kultura) from Warsaw visited me separately: the former said that Polish authorities estimate a full-scale Soviet military intervention would result in at least two million casualties. ~~(S)~~ !

Talked off-the-record to Richard Davey, editorial writer of the London Times, and Christian Kind, the Foreign Editor of the Neue Zürcher. Also to Gottlieb Henning, Danish Under Secretary of Defense. Subjects in both cases were the standard ones: SALT, TNF, U.S.-Soviet relations, Poland. ~~(U)~~

Further work on paper for NSC in connection with Polish aid and East-West paper. (If non-events are to be included in this report, I was not invited to sit in on the September 15 NSC meeting devoted to these two subjects, although Poland is my particular specialty and I have been the NSC's main representative to IGs and SIGs drafting the East-West paper.) ~~(S)~~

You should have been at that meeting.

At a small dinner I attended, Brzezinski ^{Pres!} and Jim Schlesinger expressed dismay that one Henry Trecht had been appointed DCM in Cairo: he is said to have been extremely active undermining the authority of the Shah while serving in Tehran -- a fact they thought would not be lost on Sadat. ~~(S)~~

I did not know of the appointment.

Dinner at the Chinese Embassy hosted by Counselor Cao. Conversation centered on the Middle East (one of the participants was their newly arrived Middle East specialist and among the guests was Geoff Kemp). They wanted to know about our ME strategy, AWACs, and related subjects. Taiwan never came up. ~~(S)~~

Addressed Army War College group visiting NSC on U.S.-Soviet relations. Attended briefing by Litton Corporation on their project to utilize wasted offshore gas. ~~(U)~~

~~SECRET~~

NSC
023

