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(04/04/1983-05/13/1983)
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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: SUBJECT FILE

Withdrawer

CAS 9/8/2017

File Folder TECHNOLOGY TRANSFER (APRIL 1983-5/13/1983)

FOIA

F2003-004

Box Number 109

SKINNER

545

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
211184	MINUTES	FOR CABINET COUNCIL ON COMMERCE AND TRADE MEETING #62 PAR 9/8/2017 NLR-753-109-8-1-2; UPHELD 2/13/2023 M723 #211184	1	4/20/1983	B1
211189	PAPER	RE TECHNOLOGY TRANSFER D 9/8/2017 NLR-753-109-8-2-1; UPHELD 2/13/2023 M723 #211189	11	ND	B1
211204	MEMO	DIR CASEY TO CLARK RE CIA SUPPORT ON CHINA S&T MATTERS PAR 9/8/2017 NLR-753-109-8-3-0; UPHELD 2/13/2023 M723 #211204	1	4/22/1983	B1
211210	DRAFT MEMO	CLARK TO THE PRESIDENT RE TECHNOLOGY TRANSFER POLICY FOR THE PEOPLE'S REPUBLIC OF CHINA R 10/8/2019 M723/1	3	ND	B1
211216	MEMO	TYSON, WEISS TO CLARK RE TALKING POINTS FOR 11:30 MEETING TODAY ON PRC WITH SECS SHULTZ AND BALDRIDGE (DRAFT TALKING POINTS ATTACHED) R 10/8/2019 M723/1	4	5/13/1983	B1
211219	MEMO	SAME AS 211210 R 10/8/2019 M723/1	3	ND	B1

The above documents were not referred for declassification review at time of processing

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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B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WITHDRAWAL SHEET

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
211222	MEMO	P. 1 OF 211216 <i>R 10/8/2019 M723/1</i>	1	5/13/1983	B1
211224	MEMO	P. 1 OF 211216 <i>R 10/8/2019 M723/1</i>	1	5/13/1983	B1
211225	MEMO	P. 1 OF 211216 <i>R 10/8/2019 M723/1</i>	1	5/13/1983	B1

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NSC/S PROFILE

~~SECRET~~

ID 8302633

UNCLASSIFIED REMOVA
OF CLASSIFIED ENCLOSURES

RECEIVED 18 APR 83 18

TO CLARK

FROM DUNLOP, B

DOCDATE 18 APR 83

KEYWORDS: CCCT

TECHNOLOGY TRANSFERS

SUBJECT: CABINET COUN MTG 20 APR RE DIVERSION OF TECHNOLOGY

ACTION: PREPARE MEMO FOR CLARK

DUE: 19 APR 83 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

MCMINN

BAILEY

~~MCMINN~~

RYE

WEISS

DEGRAFFENREID

KIMMITT

COMMENTS

No action required
DM

REF# 118635CA

LOG

NSCIFID

(J /)

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

C	4/24	Action Completed per MCMINN		
-	5/25	Recd minutes		MC, AB, GW
				LX

DISPATCH

W/ATTCH FILE *ya* (C) *ce*

THE WHITE HOUSE
WASHINGTON

CABINET AFFAIRS STAFFING MEMORANDUM

DATE: 5/23/83 NUMBER: 118705CA DUE BY: _____
SUBJECT: Cabinet Council on Commerce and Trade - Minutes of 4/20/83

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Baker	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input checked="" type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCMA/Bledsoe	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Attached are minutes of the Cabinet Council on Commerce and Trade meeting of April 20, 1983. Please note that these minutes are classified SECRET.

SECRET

UNCLASSIFIED UPON REMOVAL
OF CLASSIFICATION

as 9/8/87

RETURN TO:



Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823



Becky Norton Dunlop
Director, Office of
Cabinet Affairs
456-2800

ATTACHMENTS

MINUTES
CABINET COUNCIL ON COMMERCE AND TRADE
Meeting #62, April 20, 1983
Roosevelt Room

Attendees: The Vice President, Messrs. Baldrige, Brock, Smith, Hodel, Harper, Niskanen, Fuller, McNamar, Wallis, Ikle, Keel, Porter, Olmer, Cicconi, Walker, and McMahon

Strengthening Japan's Enforcement of Export Controls

The Council reviewed an information paper on strengthening Japan's enforcement of export controls. The discussion produced agreement that:

- o There is strong evidence that the Soviets and to a lesser extent the Chinese view Japan as a fertile source for acquiring high technology.
- o Although a member of COCOM, the Japanese police and customs officials take a remarkably relaxed attitude toward attempting to stop shipments of goods to the Soviet Union that are inconsistent with the COCOM guidelines.
- o This problem has received limited cabinet level attention and efforts to remedy it have not succeeded at lower levels.
- o We need a careful cost-benefit study of the impact of our export controls on U.S. firms.
- o The problem of Soviet access to technological advances through Japan is increasingly important as Japan strengthens its own technology base.
- o There is already at least one subcabinet level group (Senior Interagency Group on the Transfer of Strategic Technology chaired by Under Secretary of State William Schneider) looking at elements of this problem. There may be more.

Allen Wallis suggested and the Council agreed that we should have the SIG on the Transfer of Strategic Technology and any other groups working in this area report on their efforts soon to the CCCT.

State Dept. review completed

ON-FILE NSC RELEASE
INSTRUCTIONS APPLY

SECRET / NO FORN

25X1

No Objection to Declassification in Part 2010/10/12 : NLR-753-109-8-1-2

DECLASSIFIED IN PART (RE/OPS) *Crest*
BY *CN* DATE *9/8/17*

CABINET AFFAIRS STAFFING MEMORANDUM 2633

DATE: April 18, 1983 NUMBER: 118635CA DUE BY: _____
SUBJECT: Cabinet Council on Commerce and Trade - Wednesday, April 20, 1983
2:00 P.M. Roosevelt Room

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Attorney General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Agriculture	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
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HHS	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
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USTR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CCCT/Gunn	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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	<input type="checkbox"/>	<input type="checkbox"/>	CCMA/Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: The Cabinet Council on Commerce and Trade will meet Wednesday, April 20, 1983 at 2:00 p.m. in the Roosevelt Room. Agenda and paper attached. Please return acknowledgment of receipt. Due to the nature of Wednesday's meeting, the Cabinet Council attendance will be limited to Principals Only.

AGENDA: Diversion of Technology CM# 041 paper attached

SECRET ATTACHMENTS

RETURN TO:

☐ Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823

☒ Becky Norton Dunlop
Director, Office of
Cabinet Affairs
456-2800

6

THE WHITE HOUSE
WASHINGTON

CABINET COUNCIL ON COMMERCE AND TRADE

April 20, 1983

2:00 p.m.

Roosevelt Room

AGENDA

1. Diversion of Technology CM # 041

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Collection Name

EXECUTIVE SECRETARIAT, NSC: SUBJECT FILE

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TECHNOLOGY TRANSFER (APRIL 1983-5/13/1983)

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<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
211189	PAPER RE TECHNOLOGY TRANSFER	11	ND	B1

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C. Closed in accordance with restrictions contained in donor's deed of gift.

RECEIVED 25 APR 83 15

TO

CLARK

FROM CASEY, W

DOCDATE 22 APR 83

DECLASSIFIED

Authority NLE-753-1098-30
by CN NADADATE 9/8/17

KEYWORDS: TECHNOLOGY TRANSFERS

SCIENTIFIC

SUBJECT: RESPONSE TO CLARK APR 5 MEMO RE CIA SUPPORT ON CHINA S & T MATTERS

ACTION: ** PREPARE MEMO FOR CLARK DUE: 27 APR 83 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

MANFREDI

WEISS

DE GRAFFENREID

RYE

KIMMITT

COMMENTS ** IF APPROPRIATE

REF#

LOG 8302004

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ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

C 4/25 NO ACTION NECESSARY

DISPATCH

W/ATTCH FILE

JA (C) INTS

No response necessary

4/26/83

18

1. STAFF SECRETARY

2. NSC SECRETARIAT

3. BRIAN MERCHANT
SITUATION ROOM

Central Intelligence Agency



Washington, D.C. 20505

22 April 1983

MEMORANDUM FOR: The Honorable William P. Clark
The Assistant to the President for National
Security Affairs

SUBJECT : CIA Support on China S&T Matters [redacted]

25X

REFERENCE : Your memorandum of 5 April 1983, same subject

1. I appreciate the interest you have in our ability to provide intelligence support on issues involving Chinese science and technology. We have been adjusting our analytical resources allocated to the China S&T target. We have done this in part to strengthen our capabilities on technology transfer to China--as you are well aware, an area of increasing importance to the bilateral US-PRC relationship. I am confident that we are now in a much stronger position regarding this specific area. [redacted]

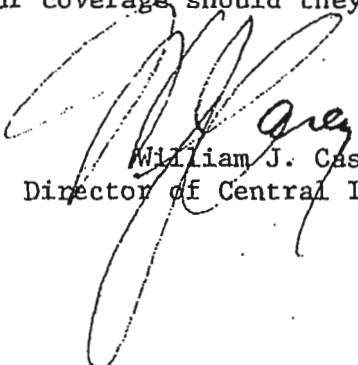
25X

2. But in the process of readjustment, we have not provided for enough depth on basic ongoing research and analysis on Chinese technology, particularly in the area of computers and microelectronics, communications and signal processing, and aerospace systems. We are taking immediate steps to devote three additional positions to such basic work in the Office of Scientific and Weapons Research. [redacted]

25X

3. We intend to meet the demands for intelligence on China S&T matters and will take further steps to improve our coverage should they prove necessary. [redacted]

25X1


William J. Casey
Director of Central Intelligence

25X1

DECLASSIFIED PART
BY CREST
DATE 7/5/17

SECRET

NSC/S PROFILE

UNCLASSIFIED

ID 8303265

RECEIVED 13 MAY 83 12

TO CLARK FROM TYSON

DOCDATE 12 MAY 83

KEYWORDS: PRC

TECHNOLOGY TRANSFERS

EXPORT CONTROLS

SUBJECT: TECHNOLOGY TRANSFER POLICY RE CHINA

ACTION: FWD TO PRES FOR INFO

DUE: 14 MAY 83 STATUS X FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

COMMENTS DISPATCHED TO AGENCIES VIS LDX.

REF#

LOG

NSCIFID

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ACTION OFFICER (S)

ASSIGNED

ACTION REQUIRED

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COPIES TO

McFarlane *IX* MAY 1 3 1983

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MAY 1 3 1983

McFarlane noted

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THE WHITE HOUSE
WASHINGTON

RCM HAS SEEN

5/13

21

Bud,

In trying to broken a decision on the PRC Tech Transfer issue I had the staff work up a draft decision memo which they discussed informally with State, Defense and Commerce over the past few days. Last night I sent the attached draft out for comment to State, Defense and Commerce.

Baldridge has asked to talk to Judge on this issue before Mac leaves on Monday. It is scheduled for 11:30 today. I've asked Clay if Shultz wants to come to that

THE WHITE HOUSE
WASHINGTON

meeting. Casey will be in New York but he has a copy of this paper. Judge has talked to him on the phone about it this morning.

I think State will agree with paper as written.

Defense will not want to change country category.

Commerce will want a more positive signal of our intent to increase technology level.

Judge has talked to Casey about issue.

John

THE WHITE HOUSE
WASHINGTON

May 12, 1983

MEMORANDUM FOR CHARLES HILL
Executive Secretary
The Department of State

SUBJECT Draft Memorandum for the President
re Technology Transfer Policy for the PRC

Note: Judge Clark has not reviewed
this memorandum in final.

Please deliver copy to Paul Wolfowitz.

John Poindexter
by
Charles Minor

John M. Poindexter
Military Assistant to the Assistant
to the President for National Security
Affairs

THE WHITE HOUSE
WASHINGTON

May 12, 1983

MEMORANDUM FOR CAPTAIN JAMES CORMACK
Office of the Secretary of Defense

DR. FRED IKLE
Under Secretary of Defense for Policy

SUBJECT: Draft Memorandum for the President re
Technology Transfer Policy for the PRC

Note: Judge Clark has not reviewed
this memorandum in final.

John Poindexter
Charles P. Rippe

John M. Poindexter
Military Assistant to the Assistant
to the President for National
Security Affairs

THE WHITE HOUSE
WASHINGTON~~SECRET~~**DRAFT**ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Technology Transfer Policy for the People's Republic of China

Issue

How to improve and clarify our technology transfer policy for China.

Facts

On June 4, 1981, you issued a "Presidential Directive on Export Control Policy" stating that it was in our strategic interest to preserve China as an effective counterweight to growing Soviet military power and to strengthen our strategic cooperation with China. Toward that end, you stated it was important that our export control policy support a secure, friendly, and modernizing China, and you directed that technology be approved at "significantly higher technical levels". Because there was some confusion and disagreement in the interpretation and implementation of that Directive, I issued a clarifying memorandum on May 6, 1982. Unfortunately, this policy has still not been effectively implemented, and confusion persists over the interpretation of these guidelines. There are now political reasons for clarifying and improving our technology transfer policy toward China, and for the purposes of Secretary Baldrige's trip it is desirable to make some decisions on this issue now.

For four months the Department of Commerce and an NSSD Working Group on China have been re-evaluating our technology transfer policy toward China. Both groups have produced studies, and Secretary Baldrige convened two recent meetings (April 25 and May 2) of the Export Administration Review Board (EARB) to examine the recommendations of these two studies.

Discussion

At the May 2 EARB meeting, the participants (except CIA, which abstained) agreed that the following steps be taken to improve our technology transfer policy toward China:

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Declassify on:OADR

BY

NARS M723 #211210

NARS DATE 10/2/19

- Increase the level of technology transfer to China.
- Retain the present system of national security controls.
- Make the administrative improvements recommended in the study done under the China NSSD working group chaired by OSTP. This includes negotiating a special "no re-transfer" agreement with China similar to agreements we have concluded with Sweden and Austria.
- Rigorously define those areas within the four special mission areas (nuclear weapons and their delivery systems, electronic and anti-submarine warfare, and intelligence gathering) most critical to our national security and target our controls more precisely on them.
- Establish an Interagency Working Group to do the necessary definitional work and set benchmark levels for specific technology transfer. The group would draw up a selective ("red line") list of the most sensitive technologies which would be subject to a presumption of denial. It would establish a second level ("green line") below which licensing policy would be the same as for all other friendly, non-allied nations. For technologies between these levels, there would be case-by-case review, with a presumption of approval unless the export would substantially and directly enhance China's capabilities in one of the four special mission areas and pose a credible major risk to our national security.

There were, however, several issues on which agreement could not be reached at the EARB meeting and which have not been resolved in subsequent interagency discussions. In order to resolve these disagreements, I recommend the following:

Recommendations

1. Category Change: Move China from Category P to Category V in the Country Group Categories of the Export Administration Regulations.
 - This will be a clear signal to the Chinese that we intend to treat them as a friend rather than as an enemy. At the same time, the retention of national security controls will provide the Department of Defense with the authority it needs to continue to protect US national security interests. This is essentially a political decision, to be made because the symbolic aspect of what we decide is important in our relationship with the Chinese. Nevertheless, we should

not announce this change until we have consulted with our COCOM partners.

Approve _____ Disapprove _____

2. Establishment of Working Group of Advisory Committee on Export Policy (ACEP).

- A working group of the ACEP, consisting of representatives from the Departments of State, Defense, Commerce, and the National Security Council, will be established to do the following:
 - a. The group will be instructed to develop a new definition of a "credible major risk to national security" to be used in conjunction with the guidance to be established setting the new technology transfer levels for China. The group is to report this definition to the EARB within 30 days. If a consensus is not agreed upon in this time period, then within seven days after that deadline, the EARB will submit an options paper to the Assistant to the President for National Security Affairs.
 - b. Within 60 days of the issuance of the above definition, the working group should define more precisely the areas of concern within the four special mission areas and set new benchmark levels for technology transfer for the key commodity control list items significantly above what they are now. The group will submit this report to the EARB for approval. An interim report will be provided to the EARB at the end of 30 days, describing the progress made and problems encountered in devising the new guidelines. Within seven days of the submission of the final report to the EARB, the EARB will submit its report to the Assistant to the President for National Security Affairs. An options paper will be included for any items on which consensus has not been reached.

Approve _____ Disapprove _____

13 MAY 12 PM 10: 37

WASHFAX RECEIPT:

THE WHITE HOUSE

C

UNCLASSIFIED UPON REVIEW
OF CLASSIFIED ENCLOSURE(S)

AW 9/8/17

DEPT OF STATE

3 MAY 12 PM 10 48

TF

MESSAGE NO.

966

CLASSIFICATION

~~SECRET~~

PAGES

4

FROM

CHARLES TYSON, NSC

(NAME)

(EXTENSION)

(ROOM NUMBER)

MESSAGE DESCRIPTION

DRAFT MEMO ON

TECHNOLOGY TRANSFER POLICY for the AIC

TO (AGENCY)

DELIVER TO:

DEPT/ROOM NO.

EXTENSION

STATE

CHARLES Hill

REMARKS:

83 MAY 12 PM: 37

SITJA 133: INCOM

WASHFAX RECEIPT

THE WHITE HOUSE

C

AS 9/8/17
UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

NMCC-1-W

12 MAY 1983 72

WASHFAX

MESSAGE NO. 967 CLASSIFICATION SECRET PAGES 4
FROM CHARLES TYSON, NSC
(NAME) (EXTENSION) (ROOM NUMBER)

MESSAGE DESCRIPTION DRAFT MEMO ON TECHNOLOGY
TRANSFER Policy for THE ARC

TO (AGENCY)	DELIVER TO:	DEPT/ROOM NO.	EXTENSION
<u>DOD</u>	<u>CAPT CORMACK</u>	<u>OSD</u>	
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REMARKS:

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ID 8303271

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OF CLASSIFIED ENCLOSURES

RECEIVED 13 MAY 83 13

TO CLARK

FROM TYSON

DOCDATE 13 MAY 83

WEISS

13 MAY 83

CW 9/8/17

KEYWORDS: PRC

TECHNOLOGY TRANSFERS

SHULTZ, G

EXPORT CONTROLS

BALDRIGE, M

SUBJECT: TALKING POINTS FOR CLARK MTG W/ SHULTZ & BALDRIGE RE TECHNOLOGY
TRANSFERS TO PRC

ACTION: FOR INFORMATION

DUE:

STATUS IX FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

COMMENTS

REF#

LOG 8303265

NSCIFID

(C /)

ACTION OFFICER (S)

ASSIGNED

ACTION REQUIRED

DUE

COPIES TO

C 5/13

Noted by Clark

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DISPATCH

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FILE

PA (C)

MEMORANDUM

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211216

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3271

THE WHITE HOUSE

WASHINGTON

May 13, 1983

INFORMATION

MEMORANDUM FOR WILLIAM P. CLARK

WPC HAS SEEN

FROM: CHARLES P. TYSON
GUS WEISS

SUBJECT: Talking Points for 11:30 a.m. Meeting Today
on PRC with Secretary Shultz and Secretary
Baldrige

This is in response to the views of Commerce at Tab A.

1. Move PRC from Category P to V: Commerce position is too liberal in that national security controls must be retained; these are not part of free world controls.

2. Baldrige cannot inform PRC of any export category change without US consultation with COCOM partners: Correct.

3. USG does not need another group to set export benchmarks: NSC staff disagrees; an effective and specific working group (well managed) is precisely what has been lacking.

4. Directive needed to Defense and Commerce to apply benchmark level: This point is not exactly clear to us, but as best we understand its intent, we agree.

5. Establish benchmark higher than two times: Disagree because this is yet another arbitrary guideline for which the analysis has not been done.

6. Set an unspecified percent of free world technology for PRC export: Disagree, as again being arbitrary.

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BY NLR M723 #211216
NARA DATE 10/8/19

Problems with May 12 Draft Memo to the President

- o Cannot agree to move China from category P to V unless we actually intend to treat China the same as other countries in V such as UK, France, West Germany and Yugoslavia.
- o Baldrige cannot tell PRC of U.S. intention to move China from P to V until U.S. consults with COCOM partners. Therefore, we cannot announce category change on Baldrige trip.
- o We don't need another working group to set a new benchmark. [The benchmark in Judge Clark's May 1982 memo is "the indicator of the technical level of products and know-how that imply the presumption of acceptable national security risk."] Therefore a new definition of "risk to national security" is no more than a judgment that a benchmark higher than two-times is needed. Obviously, any benchmark cannot be rigidly applied to all product categories, but it can provide an approximate base point for licensing people to determine whether a particular export poses a major risk to national security.
- o We do need a directive to Commerce and Defense -- not to set a new benchmark level, because that is a political judgment, not a technical one -- to apply the benchmark to the specific product categories within 90 days.
- o I recommend that the President establish a benchmark higher than two-times which is consistent with his original June 1981 policy. That policy stated that we should allow the approval of technology to China at "significantly higher levels than previously, albeit somewhat below those approved for other friendly non-allied countries."
- o In my judgment, a level of percent of free world meets the President's policy.

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Talking Points A

- o The President has asked me to reaffirm U.S. policy allowing the approval of technology to China at "significantly higher levels than previously." We have every intention of implementing this policy.
- o Consistent with the President's policy, we expect increased approval of technology transfer to China in the near future. We acknowledge that there have been internal difficulties in applying this policy.

But we have taken internal steps that if carried out could result in significant new approvals. Within 90 days you will see the results of this action.

However, you the Chinese must recognize that this level will remain below the level approved for our allied trading partners.

Talking Points B

- o The President has asked me to reaffirm U.S. policy allowing the approval of technology to China at "significantly higher levels than previously." We have every intention of implementing this policy.
- o However, we believe we have already raised the level of technology being licensed to China. We cannot at this time commit to any greater levels than are now being approved.

Talking Points C

- o The President has asked me to reaffirm U.S. policy allowing the approval of technology to China at "significantly higher levels than previously." We have every intention of implementing this policy.
- o Accordingly, the President has instructed me to tell you that we intend to approve exports to China which are ____ percent of the state-of-the-art technology readily available in the free world. This will replace the lower standard of two-times. This will result in significant new approvals in the near future.

Talking Points D

- o The President has asked me to reaffirm U.S. policy allowing the approval of technology to China at "significantly higher levels than previously." We have every intention of implementing this policy.
- o Accordingly, the President has instructed me to tell you that we intend to place China in licensing category V. In this category are most of our Western trading partners.
- o Although we will not be approving exports to China at the same level as to our Western allies, such as the UK or West Germany, this change in category will demonstrate our commitment to significantly raising the level of technology approved.
- o Before we can implement this policy we will need the approval of our COCOM partners.

THE WHITE HOUSE
WASHINGTON~~SECRET~~**DRAFT**ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Technology Transfer Policy for the People's Republic of China

Issue

How to improve and clarify our technology transfer policy for China.

Facts

On June 4, 1981, you issued a "Presidential Directive on Export Control Policy" stating that it was in our strategic interest to preserve China as an effective counterweight to growing Soviet military power and to strengthen our strategic cooperation with China. Toward that end, you stated it was important that our export control policy support a secure, friendly, and modernizing China, and you directed that technology be approved at "significantly higher technical levels". Because there was some confusion and disagreement in the interpretation and implementation of that Directive, I issued a clarifying memorandum on May 6, 1982. Unfortunately, this policy has still not been effectively implemented, and confusion persists over the interpretation of these guidelines. There are now political reasons for clarifying and improving our technology transfer policy toward China, and for the purposes of Secretary Baldrige's trip it is desirable to make some decisions on this issue now.

For four months the Department of Commerce and an NSSD Working Group on China have been re-evaluating our technology transfer policy toward China. Both groups have produced studies, and Secretary Baldrige convened two recent meetings (April 25 and May 2) of the Export Administration Review Board (EARB) to examine the recommendations of these two studies.

Discussion

At the May 2 EARB meeting, the participants (except CIA, which abstained) agreed that the following steps be taken to improve our technology transfer policy toward China:

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NLRR M723 #211219
BY RW NARA DATE 10/9/19

- Increase the level of technology transfer to China.
- Retain the present system of national security controls.
- Make the administrative improvements recommended in the study done under the China NSSD working group chaired by OSTP. This includes negotiating a special "no re-transfer" agreement with China similar to agreements we have concluded with Sweden and Austria.
- Rigorously define those areas within the four special mission areas (nuclear weapons and their delivery systems, electronic and anti-submarine warfare, and intelligence gathering) most critical to our national security and target our controls more precisely on them.
- Establish an Interagency Working Group to do the necessary definitional work and set benchmark levels for specific technology transfer. The group would draw up a selective ("red line") list of the most sensitive technologies which would be subject to a presumption of denial. It would establish a second level ("green line") below which licensing policy would be the same as for all other friendly, non-allied nations. For technologies between these levels, there would be case-by-case review, with a presumption of approval unless the export would substantially and directly enhance China's capabilities in one of the four special mission areas and pose a credible major risk to our national security.

There were, however, several issues on which agreement could not be reached at the EARB meeting and which have not been resolved in subsequent interagency discussions. In order to resolve these disagreements, I recommend the following:

Recommendations

1. Category Change: Move China from Category P to Category V in the Country Group Categories of the Export Administration Regulations.
 - This will be a clear signal to the Chinese that we intend to treat them as a friend rather than as an enemy. At the same time, the retention of national security controls will provide the Department of Defense with the authority it needs to continue to protect US national security interests. This is essentially a political decision, to be made because the symbolic aspect of what we decide is important in our relationship with the Chinese. Nevertheless, we should

not announce this change until we have consulted with our COCOM partners.

Approve _____ Disapprove _____

2. Establishment of Working Group of Advisory Committee on Export Policy (ACEP).

- A working group of the ACEP, consisting of representatives from the Departments of State, Defense, Commerce, and the National Security Council, will be established to do the following:
 - a. The group will be instructed to develop a new definition of a "credible major risk to national security" to be used in conjunction with the guidance to be established setting the new technology transfer levels for China. The group is to report this definition to the EARB within 30 days. If a consensus is not agreed upon in this time period, then within seven days after that deadline, the EARB will submit an options paper to the Assistant to the President for National Security Affairs.
 - b. Within 60 days of the issuance of the above definition, the working group should define more precisely the areas of concern within the four special mission areas and set new benchmark levels for technology transfer for the key commodity control list items significantly above what they are now. The group will submit this report to the EARB for approval. An interim report will be provided to the EARB at the end of 30 days, describing the progress made and problems encountered in devising the new guidelines. Within seven days of the submission of the final report to the EARB, the EARB will submit its report to the Assistant to the President for National Security Affairs. An options paper will be included for any items on which consensus has not been reached.

Approve _____ Disapprove _____

May 13

130

Secretariat --

CPT ran with orig which had a couple of typos -- which I corrected & reran. It is attached herewith to replace the (one* which had typos) Also, I never saw the attachment -- hence it is not attached. You'll probably get it with the come-back. What a mess!!

Mary

* comeback

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

May 13, 1983

INFORMATION

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NLRR M123 #211222
BY PW NARA DATE 10/3/49

THE WHITE HOUSE
WASHINGTON~~SECRET~~

May 13, 1983

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NLRR M723 # 211224
BY PW NARA DATE 10/8/19

THE WHITE HOUSE
WASHINGTON~~SECRET~~

May 13, 1983

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NLRR M23 #211225
BY PW NARA DATE 10/18/19