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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name DEAN, ROBERT: FILES

Withdrawer

MJD 11/8/2004

File Folder IRAN EMBARGO

FOIA

2004-121

Box Number ~~91584~~ *RAL 8*

BATTLE

14

| ID | Doc Type | Document Description | No of Pages | Doc Date | Restrictions |
|-----|----------|---|-------------|------------|-------------------------|
| 367 | MEMO | PAUL FREEDENBERG TO ROBERT DEAN RE IRANIAN CASES <i>R 2/21/2008 NLRRF04-121</i> | 1 | 3/16/1987 | B1 |
| 368 | MEMO | ROBERT MCFARLANE TO GEORGE SHULTZ/MALCOM BALDRIGE RE LICENCE REVIEW <i>R 2/21/2008 NLRRF04-121</i> DOCUMENT PENDING REVIEW IN ACCORDANCE WITH E.O. 13233 | 2 | 3/4/1987 | B1 |
| 369 | MEMO | FREEDENBERG TO STEPHEN BYREN RE IRANIAN CASES <i>PAR 2/21/2008 NLRRF04-121</i> DOCUMENT PENDING REVIEW IN ACCORDANCE WITH E.O. 13233 | 2 | 9/3/1986 | B3 |
| 370 | MEMO | JOHN KONFALE TO DAN HOYDYSH RE IRANIAN CASES <i>D 8/3/2007 NLRRF04-121</i> | 1 | 2/13/1987 | B1 B3 |
| 371 | MEMO | DEAN TO CARLUCCI RE PRESIDENTIAL DECISION <i>D 9/26/2012 F2004-121/1</i> | 4 | 10/9/1987 | B3 |
| 372 | MEMO | CARLUCCI TO THE PRESIDENT RE CONTROLS <i>D 9/26/2012 F2004-121/1</i> | 4 | ND | B1 B3 |
| 373 | CABLE | 280949Z OCT 87 <i>D 7/9/2007 F2004-121</i> | 3 | 10/29/1987 | B1 B3 |

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

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

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2004-121

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367
UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230
ASSISTANT SECRETARY FOR TRADE ADMINISTRATION

MEMORANDUM FOR Ambassador Robert Dean

MAR 16 1987

FROM: Paul Freedenberg

SUBJECT: Iranian Cases

Attached is a copy of DOD's letter regarding the Iranian cases in question. In accordance with the law (EAA), Commerce recommended approval of the cases because: (i) DOD did not even allege risk of diversion to the Bloc, and (ii) State voiced no objection, given the absence of foreign policy controls on these commodities to this country. In short, the law and the facts left the USG with no alternative but to license the exports.

DOD has argued in private and in the press that "risk of diversion" is not the only ground upon which DOD can object to a West-West case. However, that issue was clarified by Bud McFarlane himself in a March 4, 1985 follow-up to the January 4, 1985 Directive. (copy enclosed). Writing to Secretaries Shultz and Baldrige, both of had expressed concern that DOD's review of national security license cases could "spill over" into the foreign policy area, McFarlane responded that the White House was:

not in favor of [DOD's review spilling over into the foreign policy area], as we are not in favor of unrestricted DOD review of export licenses. The review mechanism established by the directive was expressly designed to enable the Commerce Department to utilize the expertise of DOD when evaluating potential diversions of U.S. technology (emphasis supplied).

Moreover, my September 3, 1986 letter to Steve Bryen (copy enclosed) addressed a similar situation and advised him that the foregoing position would continue to be taken by Commerce until new foreign policy controls were put in place to address such situations. I offered to support efforts by him to have new controls adopted, but, to my knowledge, he never followed through.

What we are left with is Commerce and State recommending approval (on the grounds that there were no means by which to disapprove) and DOD recommending denial on a ground not consistent with current law or the regulations.

In accordance with procedures established some time ago, it would be up to DOD -- as the "objecting" agency -- to elevate the case to the NSC Steering Group should DOD so desire.

Attachment

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DECLASSIFIED

NLRR 604-121 #367

BY Cu NARA DATE 2/21/08



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THE WHITE HOUSE

511781

WASHINGTON

March 4, 1985

CONFIDENTIAL/SENSITIVE

APPROP ACTION ITA
(CLERK / WASHINGTON ONLY)

CC. SEC, HR, TC

Ans cy - SEC

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

THE HONORABLE MALCOLM BALDRIGE
The Secretary of Commerce

SUBJECT: Defense/Commerce Free World Export License Review
(U)

I have reviewed Mac's memo of 13 February on this subject. I have also reviewed the State Department memo of 2 February which he endorses. (U)

Mac asks the President to amend his 4 January directive in order to limit the grounds for DOD objections to "national security considerations." At the same time, the memo acknowledges that "on its face," the President's directive already limits DOD's role to exports "which are controlled for national security purposes." Repetition of already clear provisions will add nothing to the original directive. (U)

These are State's words, NOT Mac's

Mac's memo also suggests that DOD's grounds for objection "could" spill over into the foreign policy area and that if the directive is not amended, State Department participation will be necessary to prevent this spill-over. By the same argument, the State Department should review all Commerce Department decisions on export licenses, since they "could" also spill over into the foreign policy area. We are not in favor of this, as we are not in favor of unrestricted DOD review of export licenses. The review mechanism established by the directive was expressly designed to enable the Commerce Department to utilize the expertise of DOD when evaluating potential diversions of U.S. technology. The NSC is to adjudicate when these two Departments disagree. The State Department need not be introduced into the process of license review. (C)

When export policy decisions raise obvious foreign policy considerations, however, the State Department must and will participate in the process. It was for that reason that the President's directive requires State Department participation in contentious cases affecting COCOM countries. No one doubts the

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BY CW NARA DATE 2/21/08

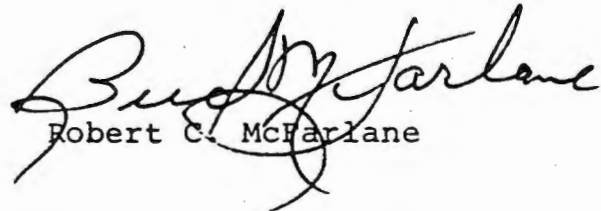
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i.e., are they "successfully
implementing" ??

importance to U.S. national security of illegal diversions from COCOM countries to Communist countries. The CIA has published several reports detailing this problem. The successful diversion of U.S. helicopters from the FRG to North Korea only highlights the need for continued U.S. government efforts. DOD participation in this question, subject to the approval of the Steering Group, and, if requested, after review by the President, can be a useful addition to our effort. (C)

Finally, I understand that some on the Hill have the perception that the Steering Group compromise violates existing legal statutes. The President's directive was carefully reviewed by persons intimately familiar with the relevant legal and legislative history with precisely this in mind. Their assessment reinforces what should be obvious to all. The directive does not delegate final decision making authority on export licenses to a member of the Executive Branch who has not been confirmed by the Senate. It authorizes an interagency group chaired by the NSC to review and adjudicate certain export issues when interagency differences arise. The President remains the final arbiter, should the relevant Cabinet member choose to raise the issue to the President's attention. (C)

I understand that Commerce and Defense are constructively engaged at the working level in an attempt to make a complex but well-balanced compromise work. This is commendable. Let us push ahead as the President so strongly desires. We pledge our best efforts. (U)


Robert C. McFarlane

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Sec 4(e)
ALL proscribed
exercise of
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NSC in
connection
w. ERA

SEP 3 1986



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230
ASSISTANT SECRETARY FOR TRADE ADMINISTRATION

Dr. Stephen D. Bryen
Deputy Under Secretary
for Trade Security Policy
The Department of Defense
Room 2E518
Washington, D.C. 20301

Dear Steve,

It is my understanding that you contacted Richard Seppa of my staff on August 19, 1986, regarding his memorandum of August 8 to Chuck Hamilton on Syrian cases [REDACTED] On the basis of that conversation, it was our understanding that you were going to avail yourselves of DOD's prerogative under the Presidential Directive and refer these cases to the NSC-chaired Technology Transfer Steering Group. B3

In our opinion, referral of disputed cases to the Steering Group is fine, provided that the dispute relates to a disagreement over risk of diversion to a controlled country. Legally, this is the only ground upon which we can deny the export to a Free World country of an item controlled for national security purposes (in the absence of foreign policy controls on the item).

The recommendation by DOD in the subject Syrian cases did not meet the specificity requirements of the Directive; nor did it provide any allegation of risk of diversion to a controlled country. Instead, it asserted Syrian support for international terrorism as the ground for denial. This is a ground based on foreign policy considerations and, in that regard, the Department of State was contacted and confirmed there were no foreign policy concerns with either of the cases.

Accordingly, absent specific evidence of risk of diversion to a controlled country, and absent foreign policy concerns by Commerce or State, there are no grounds on which to deny these national security controlled items. Accordingly, the Department of Commerce believes that this issue is not proper for elevation to the Steering Group. We, therefore, intend to inform the applicants of our decision to approve.

What the foregoing demonstrates is that there are still major points of disagreement between Commerce and DOD over implementation of the McFarlane Directive. For starters, we have completely different interpretations of the underlying statutory authority for export controls — the Export Administration Act. (See also your letter: Ref. I-13662/86.) We contend that, under

DECLASSIFIED IN PART / RE / EASD
NLRR 604-121 #369
BY CW NARA DATE 2/21/08



Section 5 ("National Security" controls) and, therefore, under the McFarlane Directive, the only ground for denial is risk of diversion. Citing 10(g), which we believe relates only to your authority to review cases for exports to controlled countries, you contend that DOD has the authority to review exports of goods controlled for national security purposes going to any country even in the absence of risk of diversion to the Bloc.

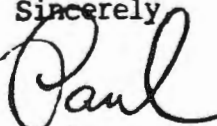
Given this disagreement that goes to the heart of our efforts to protect national security under the McFarlane Directive, I think that our first order of business in our upcoming meeting with the NSC (See your letter, Ref. I-12819/86 and my response to you dated August 26, 1986) should be to have that body resolve this disagreement over interpretation of the EAA.

If the NSC resolves the issue in favor of "denial solely on the basis of risk of diversion," then I think that the next order of business should be to come up with a game plan to plug all the gaps in authority that currently threaten our security. That is, we should come up with a means by which we can lawfully stop the flow of sensitive technology to those Free World countries (e.g., Iran, Iraq, Syria) where we have no or virtually no ability to do pre-license checks or post-shipment verifications. At present, because these are "Free World countries," we have no legal authority to deny a license application in the absence of foreign policy controls on the commodity and in the absence of evidence of risk of diversion. Something needs to be done about this right away. In that regard, I think we are in complete agreement.

What I propose is that perhaps technical people from Commerce and DOD could determine what technologies are too sensitive to send to such Free World countries. Commerce and DOD would then make joint recommendations to a Commerce-Defense-State panel chaired by State which would be charged by the NSC with the task of recommending either the expansion of existing foreign policy controls, or the creation of new foreign policy controls for such purposes. Disagreements between Commerce and Defense or within the panel would be automatically referred to the NSC for resolution.

I look forward to your thoughts on these proposals.

Sincerely



Paul Freedenberg

cc: Alton Keel, NSC
Allen Wallis, DOS
Amb. Robert Dean, DOS

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| 370 | MEMO | JOHN KONFALE TO DAN HOYDYSH RE IRANIAN CASES | 1 | 02/13/1987 | B1 |

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MAN EMBALGO

Document No.

7898

TICE

WHITE HOUSE STAFFING MEMORANDUM

DATE: 10/26/87 ACTION/CONCURRENCE/COMMENT DUE BY: COB TODAY

SUBJECT: EXECUTIVE ORDER -- PROHIBITING IMPORTS FROM IRAN -- & MESSAGE TO CONGR

| | ACTION FYI | | | ACTION FYI | |
|----------------|-------------------------------------|-------------------------------------|-----------|-------------------------------------|-------------------------------------|
| VICE PRESIDENT | <input type="checkbox"/> | <input type="checkbox"/> | FITZWATER | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| BAKER | <input type="checkbox"/> | <input checked="" type="checkbox"/> | GRISCOM | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| DUBERSTEIN | <input type="checkbox"/> | <input checked="" type="checkbox"/> | HOBBS | <input type="checkbox"/> | <input type="checkbox"/> |
| MILLER - OMB | <input type="checkbox"/> | <input type="checkbox"/> | HOOLEY | <input type="checkbox"/> | <input type="checkbox"/> |
| BALL | <input checked="" type="checkbox"/> | <input type="checkbox"/> | KING | <input type="checkbox"/> | <input type="checkbox"/> |
| BAUER | <input type="checkbox"/> | <input type="checkbox"/> | RANGE | <input type="checkbox"/> | <input type="checkbox"/> |
| CARLUCCI | <input checked="" type="checkbox"/> | <input type="checkbox"/> | RISQUE | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| CRIBB | <input type="checkbox"/> | <input type="checkbox"/> | RYAN | <input type="checkbox"/> | <input type="checkbox"/> |
| CRIPPEN | <input checked="" type="checkbox"/> | <input type="checkbox"/> | SPRINKEL | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| CULVAHOUSE | <input checked="" type="checkbox"/> | <input type="checkbox"/> | TUTTLE | <input type="checkbox"/> | <input type="checkbox"/> |
| DAWSON | <input type="checkbox"/> | <input checked="" type="checkbox"/> | CLERK | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| DONATELLI | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |

REMARKS: Please provide your recommendation directly to my office by close of business today. Thank you.

The NSC clears with the editorial changes as noted if they can be made without holding up signature of the document. If they would hold it up, they can be ignored.

RESPONSE:

October 26, 1987

Grant S. Green, Jr.
Executive Secretary

Rhett Dawson
Ext. 2702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 26, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: James H. Miller III
Director

SUBJECT: Proposed Executive Order Entitled "Prohibiting
Imports From Iran"

SUMMARY: This memorandum forwards for your consideration a proposed Executive order that would prohibit imports of Iranian goods and services into the United States.

BACKGROUND: Section 505 of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-9) provides authority for the prohibition of imports into the United States from any country which supports terrorism or terrorist organizations. The Government of Iran has consistently and repeatedly supported acts of terrorism and other unlawful acts against U.S. forces and U.S. flag vessels and merchant vessels of non-belligerent nations. Therefore, to ensure that United States imports of Iranian goods and services do not contribute financial support to such terrorism and unlawful acts, you may exercise authority under that Section to prohibit the importation of Iranian goods or services into the United States.

The proposed Executive order would prohibit, with certain limited exceptions, the import of Iranian-origin goods or services into the United States, including its territories and possessions. The order authorizes the Secretary of the Treasury, in consultation with the Secretary of State, to take such actions as may be necessary to carry out the purpose of the order. The order also directs all agencies of the United States government to take all appropriate measures within their authority to carry out the provisions of the order. In addition, the order is accompanied by a report to Congress specifying the circumstances which justify the issuance of the order.

Due to the urgency of the proposed Executive order, agencies were provided only a limited comment period. None of the affected agencies has objected.

RECOMMENDATION: I recommend that you sign the proposed Executive order.

Attachment



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCTOBER 26, 1987

Honorable Edwin Meese, III
United States Attorney General
Washington, D.C. 20530

Dear Mr. Attorney General:

Enclosed, in accordance with the provisions of Executive Order No. 11030, as amended, is a proposed Executive order entitled "Prohibiting Imports from Iran," prepared by the Department of the Treasury.

The proposed Executive order would prohibit, with certain limited exceptions, the import of Iranian-origin goods or services into the United States, its territories and possessions. The order authorizes the Secretary of the Treasury, in consultation with the Secretary of State, to take such actions as may be necessary to carry out the purpose of the order. The order directs all agencies of the United States government to take all appropriate measures within their authority to carry out the provisions of the order. In addition, the order is accompanied by a report to Congress specifying the circumstances which justify the issuance of the order.

Your staff may direct any questions concerning this proposed Executive order to Mr. Mac Reed of this office (395-5600).

This proposed Executive order has the approval of the Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in cursive script, reading "Robert G. Damus", is written above the typed name.

Robert G. Damus
Acting General Counsel

ECONOMIC SANCTIONS AGAINST IRAN

TO THE CONGRESS OF THE UNITED STATES:

Pursuant to Section 505 of the International Security and Development Cooperation Act of 1985, I hereby report to the Congress that I have exercised my constitutional and statutory authority to prohibit the importation into the United States of all goods and services of Iranian origin.

I am enclosing a copy of the Executive Order that I have issued exercising this authority. I have delegated to the Secretary of the Treasury ^(authority) ~~the power~~, in consultation with the Secretary of State, to ^{implement} ~~carry out~~ the provisions of the Order.

I have authorized these steps in response to the actions and policies of the Government of Iran in support of terrorism and acts of aggression against U.S. forces as well as U.S.-flag vessels and merchant vessels of other non-belligerent nations engaged in lawful and peaceful commerce in international waters of the Persian Gulf and territorial waters of non-belligerent nations of that region. These Iranian actions and policies have been supported in part by revenue earned from the sale of products imported into the United States. The measures taken pursuant to this Order are in response to such hostile Iranian actions occurring after the conclusion of the 1981 Algiers Accords, and are intended solely as a response to

Since Iran was officially designated under U.S. law in 1984 as a country that has repeatedly supported acts of international terrorism, the United States has taken a number of limited economic measures in response to hostile Iranian actions. These measures have included export controls on items that would contribute to Iran's military potential and ~~its~~ ability to support international terrorism.

Iran has, however, not only continued but has escalated its aggressive acts against the United States. Iranian actions in the Persian Gulf have [not only] directly threatened U.S. flag merchant vessels and U.S. forces [but] *as well as* those of our allies and other friendly states [as well]. These policies of the Government of Iran have necessitated the further economic measures I have announced today.

The United States calls upon the Government of Iran to cease its support of terrorism and acts of aggression directed at the United States and other nations both in the Persian Gulf and elsewhere. The United States calls upon other nations to join us by taking similar measures. We must demonstrate by firm political, and economic and other steps that the international community considers ~~the~~ ^{*these*} actions and policies of the Government of Iran unlawful and intolerable.

EXECUTIVE ORDER

- - - - -

PROHIBITING IMPORTS FROM IRAN

By the authority vested in me as President by the Constitution and laws of the United States of America, including Section 505 of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-9), and Section 301 of Title 3 of the United States Code,

I, RONALD REAGAN, President of the United States of America, find that the Government of Iran has consistently and repeatedly supported acts of terrorism and other unlawful acts. Most recently, ^{forces have} ~~Iran has~~ conducted aggression ~~from its territory and Iranian held territory in Iraq~~ ^{military activity} against U.S. forces as well as U.S. flag vessels and ^{and facilities} merchant vessels of other non-belligerent nations engaged in lawful and peaceful commerce in international waters of the Persian Gulf and territorial waters of non-belligerent nations of that region. To ensure that United States imports of Iranian goods and services will not contribute financial support to such terrorism and unlawful acts, I hereby order that:

Section 1. Except as otherwise provided in regulations issued pursuant to this Order, no goods or services of Iranian origin may be imported into the United States, including its territories and possessions, after the effective date of this order.

Sec. 2. The prohibition contained in Section 1 shall not apply to:

- (a) Iranian-origin publications and materials imported for news publications or news broadcast dissemination;
- (b) petroleum products refined from Iranian crude oil in a third country;
- (c) articles imported directly from Iran into the United States that were exported from Iran prior to the effective date of this Order.

Sec. 3. This Order shall take effect at ____ a.m./p.m. Eastern Standard Time on _____, 1987, except as otherwise provided in regulations issued pursuant to this Order.

Sec. 4. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out the purposes of this Order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the Federal Government. All agencies of the United States Government are directed to take all appropriate measures within their authority to carry out the provisions of this Order, including the suspension or termination of licenses or other authorizations in effect as of the date of this Order.

Sec. 5. The measures taken pursuant to this Order are in response to the actions of the Government of Iran referred to above, occurring after the conclusion of the 1981 Algiers Accords, and are intended solely as a response to those actions.

This Order shall be transmitted to the Congress and published in the Federal Register.

THE WHITE HOUSE

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WHITE HOUSE STATEMENT ON IRAN TRADE CONTROLS

I have instructed the Secretaries of Commerce and State today to take action to place an embargo on all U.S. imports from Iran. At the same time, we are instituting a ban on the export to Iran of fourteen broad categories of U.S. products with potential military application. As required by law, we are presently engaged in notifying Congress, and the ban will take effect when legal requirements have been met.

The Congress itself has moved quickly and decisively in this important area, and we must now work together to ensure that future legislation strengthens these economic measures and serves our broader goals of implementing UNSC Resolution 598 and restoring peace and stability to the Persian Gulf region. The Administration looks forward to cooperating closely with the Congress to harmonize the trade controls I have announced with the actions undertaken by the House and Senate.

The actions I am initiating today are a direct result of the Iranian government's behavior, including its threats against the United States and its interests, as well as against the interests of our Allies and friends, and continued unwillingness to implement U.N. Security Council Resolution 598. They will remain in place so long as Iran persists in its aggressive disregard for the most fundamental norms of international society.

Let me emphasize that we have taken these economic measures only after repeated, but unsuccessful attempts to reduce tensions with Iran, and in response to the continued and increasingly bellicose behavior of the Iranian government. They do not reflect any quarrel with the Iranian people. Indeed, as I have said a number of times, the United States accepts the Iranian revolution as a fact and respects the right of the Iranian people to choose any government they wish.

The United States sincerely hopes that more normal relations with Iran will evolve. We have made these points known repeatedly to Iran, through diplomatic channels, as well as public statements. Unfortunately, the Iranian government's response to date, in deeds as well as in words, has been negative.

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| 373 | CABLE | 280949Z OCT 87 | 3 | 10/29/1987 | 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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C. Closed in accordance with restrictions contained in donor's deed of gift.

~~SECRET~~

NSPLS

374

DISTRIBUTION:

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6700

~~SECRET~~

SUBJECT: EXPANDED EXPORT CONTROLS ON IRAN

*** START OF TEXT ***

BT

~~SECRET~~ STATE 316700

PARIS ALSO FOR USOECD

E.O. 12356: DECL: OADR

TAGS: ETTC, KFPC, IR

SUBJECT: EXPANDED EXPORT CONTROLS ON IRAN

REF: STATE 275184

1. ~~SECRET~~ ENTIRE TEXT.

2. SUMMARY AND ACTION REQUESTED: ON OCTOBER 5 INTERAGENCY AGREEMENT WAS REACHED TO RECOMMEND EXPANDING FOREIGN POLICY EXPORT CONTROLS ON IRAN TO INCLUDE THE ITEMS LISTED IN PARAGRAPH 5 BELOW. DEPARTMENT ANTICIPATES AN ANNOUNCEMENT TO THIS EFFECT WILL BE MADE ON OR ABOUT FRIDAY, OCTOBER 16. IMPLEMENTING REGULATIONS COULD BE PUBLISHED AS EARLY AS OCTOBER 23. OECD ACTION POSTS ARE REQUESTED TO NOTIFY AND CONSULT WITH HOST GOVERNMENT, SEEK COOPERATION IN IMPOSING COMPARABLE CONTROLS, AND REPORT ANY REACTION. TALKING POINTS ARE PROVIDED IN PARA 6. END SUMMARY.

3. ON AUGUST 12, 1987, THE DEPARTMENT FORWARDED TO THE NATIONAL SECURITY COUNCIL A PROPOSAL TO ADD 15 PRODUCT CATEGORIES OF BATTLEFIELDUSEFUL ITEMS TO THOSE ALREADY SUBJECT TO FOREIGN POLICY EXPORT CONTROLS FOR EXPORT TO IRAN. SCUBA GEAR AND RELATED DIVING EQUIPMENT WERE ADDED ON SEPTEMBER 22 (SEE REFTTEL FOR BACKGROUND). AT THE NSC POLICY REVIEW GROUP MEETING OF OCTOBER 5, INTERAGENCY AGREEMENT WAS REACHED TO RECOMMEND IMPOSING EXPORT CONTROLS ON 14 ADDITIONAL CATEGORIES. STATE AND COMMERCE ARE NOW WORKING TO IMPLEMENT THAT DECISION. REGULATIONS ESTABLISHING THE ADDITIONAL CONTROLS MAY BE PUBLISHED AS EARLY AS OCTOBER 23. THE AUTHORITY TO IMPOSE THESE CONTROLS IS SECTION 6 OF THE EXPORT ADMINISTRATION ACT (EAA).

4. BEFORE IMPOSING NEW FOREIGN POLICY EXPORT CONTROLS,

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*MAN CMC DANGO**1. RDI*
2. RWD
DTG: 100019Z OCT 87

DECLASSIFIED

NLS *E2004-121 #374**601, NARA, DATE 7/9/07*
BY

~~SECRET~~

THE EAA REQUIRES THAT THE USG CONSULT WITH COUNTRIES WHICH COOPERATE WITH THE U.S. ON EXPORT CONTROLS AND OTHER COUNTRIES AS APPROPRIATE. IT HAS BEEN OUR PRACTICE IN SUCH CONSULTATIONS WITH OECD MEMBERS TO INFORM THEM OF

OUR INTENDED ACTIONS AND SEEK THEIR COOPERATION IN IMPOSING COMARABLE CONTROLS. WE RECOGNIZE THAT THE LIST OF ITEMS TO BE CONTROLLED IN PARA 5 IS RATHER GENERAL. WE ARE NOW IN THE PROCESS OF REFINING THIS LIST AND WILL PROVIDE OECD MEMBER GOVERNMENTS MORE INFORMATION AS SOON AS IT IS AVAILABLE.

5. COMMODITY CONTROL LIST (CCL) MODIFICATIONS ARE NOT YET AVAILABLE. THE BROAD PRODUCT CATEGORIES TO BE ADDED TO THE FOREIGN POLICY EXPORT CONTROL REGIME ARE:

- O MOBILE COMMUNICATIONS EQUIPMENT
- O BOATS, INCLUDING INFLATABLE BOATS
- O OFFHIGHWAY WHEEL TRACTORS
- O LARGE DIESEL ENGINES
- O NONSTRATEGIC AIRCRAFT PARTS AND COMPONENTS
- O PORTABLE ELECTRIC GENERATORS
- O ALL MARINE ENGINES, INBOARD AND OUTBOARD, REGARDLESS OF HORSEPOWER
- O OTHER NAVAL EQUIPMENT
- O UNDERWATER PHOTOGRAPHIC EQUIPMENT
- O SUBMERSIBLE SYSTEMS

- O AIRCRAFT PRESSURIZED BREATHING EQUIPMENT
- O SONAR NAVIGATION EQUIPMENT
- O ELECTRONIC TEST EQUIPMENT
- O CRYPTOGRAPHIC EQUIPMENT

6. POSTS SHOULD DRAW ON THE FOLLOWING TALKING POINTS IN CONTACTING HOST GOVERNMENTS:

- O THE USG IS CONSIDERING IMPOSING CONTROLS ON EXPORTS FROM THE U.S. TO IRAN OF 14 CATEGORIES OF BATTLEFIELD-USEFUL EQUIPMENT.
- O WE BELIEVE THIS TYPE OF EQUIPMENT COULD BE DIVERTED TO MILITARY USE BY IRAN AND POSE A THREAT TO OIL INSTALLATIONS AND VESSELS OF NEUTRAL NATIONS IN THE PERSIAN GULF.
- O THE PROPOSED CONTROLS ARE CONSISTENT WITH OUR POLICY OF CONTROLLING EXPORTS TO IRAN WHICH WE HAVE DETERMINED WILL MAKE A SIGNIFICANT CONTRIBUTION TO THE MILITARY POTENTIAL OF IRAN OR ENHANCE ITS ABILITY TO SUPPORT ACTS OF INTERNATIONAL TERRORISM.
- O THEY ARE CONSISTENT WITH OUR OVERALL POLICY TOWARD IRAN, INCLUDING OUR EFFORTS IN THE UNITED NATIONS AND IN CONSULTATIONS WITH OUR ALLIES TO SEEK A PEACEFUL SOLUTION TO THE IRAN/IRAQ WAR AND RESTRAIN IRAN FROM COMMITTING ACTS OF INTERNATIONAL TERRORISM.
- O WE ACTIVELY SEEK THE COOPERATION OF YOUR GOVERNMENT IN RESTRICTING THE FLOW OF THIS AND OTHER TYPES OF MILITARILY USEFUL ITEMS TO IRAN.
- O IF THE USG IMLEMENTS THE PROPOSED CONTROLS, WE WILL TAKE INTO CONSIDERATION CONCERNS EXPRESSED BY OECD

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MEMBER STATES OVER THE EXTRATERRITORIAL APPLICATION OF U.S. LAW. IT IS NOT CONTEMPLATED THAT THE CONTROLS WILL EXTEND TO FOREIGN SUBSIDIARIES OF U.S. CORPORATIONS. ALTHOUGH THE REGULATIONS HAVE NOT YET BEEN PREPARED, THEY MAY INVOLVE A REEXPORT AUTHORIZATION REQUIREMENT AS DO OTHER EXISTING U.S. FOREIGN POLICY EXPORT CONTROLS.

7. FOR USOECD: MISSION IS REQUESTED TO INFORM CIME

SECRETARIAT AS APPROPRIATE.

8. BAGHDAD MINIMIZE CONSIDERED. ARMACOST

BT

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SECTION: 01 OF 01

** END OF TEXT **

~~SECRET~~

Iran
Trade Sanctions

TALKING POINTS ON IRAN TRADE SANCTIONS
FOR CONVERSATION WITH SHULTZ

- Before you leave for your trip, I want to make sure we are on the same wave length regarding further sanctions against Iran.
- As you know, at the PRG last week we decided to go ahead with export controls on an additional 14 categories of products with potential military capability, and that is in train.
- The discussion on import controls, or a total trade embargo, was inconclusive because some felt that banning all exports could hurt our own exporters without bothering Iran because the goods are available elsewhere.
- It is my understanding -- and this is what I want to check with you -- that you are agreeable to banning all imports, but sticking with the control of specific categories of exports for the time being.
- I will call Cap on this and, assuming you both are in agreement, we will probably move ahead with it next week so we can stay ahead of the Congressional move to legislate trade controls with Iran.

File *Iran Embassy*

EXECUTIVE ORDER

- - - - -

PROHIBITING IMPORTS FROM IRAN

By the authority vested in me as President by the Constitution and laws of the United States of America, including section 505 of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-9), and section 301 of Title 3 of the United States Code,

I, RONALD REAGAN, President of the United States of America, find that the Government of Iran is actively supporting terrorism as an instrument of state policy. In addition, Iran has conducted aggressive and unlawful military action against U.S.-flag vessels and merchant vessels of other non-belligerent nations engaged in lawful and peaceful commerce in international waters of the Persian Gulf and territorial waters of non-belligerent nations of that region. To ensure that United States imports of Iranian goods and services will not contribute financial support to terrorism or to further aggressive actions against non-belligerent shipping, I hereby order that:

Section 1. Except as otherwise provided in regulations issued pursuant to this Order, no goods or services of Iranian origin may be imported into the United States, including its territories and possessions, after the effective date of this Order.

Sec. 2. The prohibition contained in Section 1 shall not apply to:

(a) Iranian-origin publications and materials imported for news publications or news broadcast dissemination;

(b) petroleum products refined from Iranian crude oil in a third country;

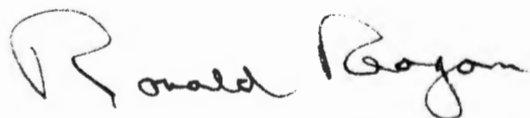
(c) articles imported directly from Iran into the United States that were exported from Iran prior to the effective date of this Order.

Sec. 3. This Order shall take effect at 12:01 p.m. Eastern Standard Time on October 29, 1987, except as otherwise provided in regulations issued pursuant to this Order.

Sec. 4. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out the purposes of this Order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the Federal Government. All agencies of the United States Government are directed to take all appropriate measures within their authority to carry out the provisions of this Order, including the suspension or termination of licenses or other authorizations in effect as of the date of this Order.

Sec. 5. The measures taken pursuant to this Order are in response to the actions of the Government of Iran referred to above, occurring after the conclusion of the 1981 Algiers Accords, and are intended solely as a response to those actions.

This Order shall be transmitted to the Congress and published in the Federal Register.

A handwritten signature in dark ink, reading "Ronald Reagan". The signature is written in a cursive, flowing style with a large, prominent "R" at the beginning.

THE WHITE HOUSE,

October 29, 1987.