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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

SMF

1/3/2008

File Folder

FRANCE (4/22/83-5/9/83)

FOIA

S2007-081

Box Number 14						NOU 61	JZILLE
ID Doc Type	Doc	ument Descriptio	n		No of Pages		Restrictions
48329 TRANSMITTAL SHEET	NSC I	PROFILE SHEET	y (a		1	4/22/1983	B1
	R	4/29/2010	NLRRM2007-0	81			
48330 MEMO		R/FORTIER TO MO	CFARLANE RE AND EAGLEBURGE	ER	3	5/16/1983	B1
	R	8/10/2011	M081/1				
48331 MEMO	IKLE	TO MCFARLANE/	EAGELBURGER		4	5/13/1983	B1
48332 MEMO		R/FORTIER TO MC	CFARLANE RE	D	2	4/22/1983	B1
	D	1/25/2011	M081/1	AC.			
48333 MEMO		TO MCFARLANE		,	1	3/23/1983	B1
	R	6/25/2010	MR081/1				
48334 MEMO	JAME	S WADE FOR THE	RECORD		2	3/8/1983	B1
48335 MEMO		EBURGER TO MC	FARLANE/IKLE RE NCE	Ξ	4	4/7/1983	B1
	R	5/19/2010	NLRRM2007-08	<i>81</i>			
48336 CABLE	03202	4Z DEC 82 1/25/2011	M081/1	,	3	12/3/1982	B1
48337 MEMO	MART	TIN TO CLARK RE 6/7/2010	IEA ENERGY STUI	DY	2	4/22/1983	B1

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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		61
ID Doc Type	Document Description	No of Doc Date Restrictions Pages
48338 PAPER	DRAFT DOCUMENT RE CONCLUSIONS ON ENERGY REQUIREMENTS AND SECURITY	10 4/21/1983 B1
	R 6/25/2010 MR081/1	

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

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*MEMORANDUM

NATIONAL SECURITY COUNCIL

RCM HAS SEEN

TOP SECRET

INFORMATION

May 16, 1983

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM:

ENVIS BLAIR/DON FORTIER

SUBJECT:

Meeting with Fred Ikle and Larry Eagleburger on Strategic Cooperation with the French, Monday,

May 16, 1983

This afternoon's meeting is to approve Fred Ikle's instructions for his meeting on Friday, May 20, with General Saulnier and General Martre on the strategic nuclear cooperation program. Ikle's memo (attached) gives the instructions that he would like to have for the meeting. We would suggest the following agenda for your discussion with Ikle and Eagleburger:

- (1) Introduction Review NSDD-46 and overall relationship with French;
- (2) Approval of the items which the U.S. will make available to the French;
- (3) Discussion of "quids" and approval both of specific quids and the manner in which they will be linked to U.S.-approved items;
- (4) Membership of U.S. delegation;
- (5) Cray computers to France.

Topic (1) is important to set the background for the meeting before addressing the "quids" issue. NSDD-46 says that the course of the strategic cooperation program will depend on our overall relationship with the French, and on their keeping secret the information they acquire under the program. You should open the meeting by calling on Eagleburger for an evaluation of the overall realtionship with France, as the background for decisions on where the program is to go.

Topic (2) should be relatively straightforward: DoD has analyzed the French requests and formed judgments on what we can offer to the French consistent with our own security requirements and NSDD-46. Approval by State and NSC should be routine.

TOP SECRET
Declassify on: OADR

DECLASSIFIED

NLRR M07-081#44330

BY RW NARA DATE 8/10/11

Topic (3) will be more difficult. Ikle has proposed three "quids."

- -- "Formation of a confidential tech transfer monitoring group, including U.S., France, U.K. and perhaps FRG." This idea may have merit, but it would set up a group which would potentially undercut COCOM itself, and we therefore need to think it through carefully. We are a long way from endorsing it right now.
- -- "Agreement that French companies receiving U.S. technology under the strategic cooperation program would be barred from technology exports or assistance to the Soviet bloc." We need more data on this one. Most of the strategic cooperation program is done with government labs in France. We do not know whether the private companies involved have extensive sales to the East which would be cut off by this proposal, or whether there would be very little effect. We should know the details before we make this proposal formally.
- -- "Agreement to support a military subcommittee for COCOM."
 This is a U.S. goal, which the French now oppose, but which almost all the other COCOM countries also oppose. Therefore even if we did gain French support, we would have a long way to go to form the subcommittee. We should save this quid for a time that it might be of more use in building a decisive majority in COCOM.

In general, these quids proposed by DoD are not very well thought through, and we should not endorse them in this state. We would have no problem in stressing with Saulnier that we look forward to continuing cooperative work in tightening technology transfer, and we will have specific proposals, but these three are not sharp enough to be specific quids to tie to specific strategic cooperative items.

Ikle raises the idea of quids in the non-proliferation area. We think this makes sense. The French have been important non-proliferation holdouts for some time. Hard leverage will be required to move them forward. We have two parallel efforts underway in the non-proliferation area: 1) a new effort to upgrade the trigger list for reprocessing equipment; 2) the President's initiative to secure supplier consent for a comprehensive safeguards export criteria. The first effort is technical and not publicly visible. Our experts believe the French will be reasonably helpful here. A nudge in this context would no doubt help to assure success, but we believe our money would be better spent on the second item, comprehensive safeguards. Mitterrand's recent reply to the President was not terribly forthcoming, but State Department proliferation experts still believe some compromise formula might carry the day. This

is being worked in preparation for Williamsburg. Unlike some of the other quids, which are one-shot items, break through here would constructively affect an entire range of sensitive proliferation cases.

Topic (4) will be difficult. DoD has included you in the delegation for Friday's meeting but has excluded State. According to NSDD-46, the Secretary of State will concur in the policy decisions governing the strategic cooperation program, so it is logical that he would be represented at the key meetings when policy will be discussed. On the other hand, DoD is the point of contact for the program. Your call.

Topic (5) is separate but related. The French have submitted applications for two more computers: these are another for their nuclear weapons research facility CEA/DAM, and another for CISI, their research consortium. The first computer to CEA/DAM last year was the one that we linked to the MT-20, and to some French actions in Central America. Later in the year we also linked the first computer to CISI to the MT-20. The MT-20 contract has been altered to our satisfaction. However, we have not resolved the larger issue in COCOM of control of digital switching equipment in general. The French intend to come to us bilaterally in the next several weeks to cut a deal before the item comes up in COCOM on June 27. We recommend that we hold both CRAYs until we have cut a satisfactory deal on digital switching equipment.

Tab A Ikle memo

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Box Number

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61

ID Document Type

Document Description

No of Doc Date pages

Restrictions

48331 MEMO

4 5/13/1983

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IKLE TO MCFARLANE/EAGELBURGER

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

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National Security Council 634g The White House Package # 90527

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ID Document Type

Document Description

No of Doc Date pages

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48332 MEMO

2 4/22/1983

B₁

BLAIR/FORTIER TO MCFARLANE RE MEETING WITH IKLE AND EAGLEBURGER

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TOP SECRET SENSITIVE

THE UNDER SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

EYES ONLY

SYSTEM II 90358

23 MAR 1983

48333

MEMORANDUM FOR ROBERT C. MCFARLANE, DEPUTY ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

SUBJECT: Strategic Nuclear Cooperation with France

Bud,

POLICY

In response to your memorandum of March 21, the attached report describes the recent meeting between Henri Martre and our people held on 3-4 March 1983. As we planned, discussion was limited to a review of ongoing activities and new French requests for assistance. Linkages with other U.S. areas of interest were not discussed.

The joint review provided a foundation for common understanding of the technical issues prior to our considering any major new initiatives for cooperation. Toward the end of next week we will have prepared an assessment of the French request in terms of importance and benefits to them and acceptability to us. Clearly some of the French requests we cannot meet because of our own security considerations.

With this ranking of projects in hand we should then have a senior Policy review to decide how far the U.S. should go and what specifically we want to obtain in return. Our thinking is that vastly improved cooperation on technology transfer is one of the areas where the French might reciprocate. Once we have the structure for the quid pro quo, we ought to submit it to the Secretary of State and probably to the President for approval so that we can then approach the French. It would seem desirable to go through these steps fairly rapidly well in time before the Williamsburg Summit.

Fred C. Ikle

Attachment
Memorandum for the Record
by Jim Wade

DECLASSIFIED

NLRR M07-081*48333

BY RW NARA DATE 6-25-10

Review on March 23, 1989

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48334 MEMO

3/8/1983

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JAMES WADE FOR THE RECORD

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

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United States Department of State

Under Secretary of State for Political Affairs

48335

SECRET/SENSITIVE

Washington, D.C. 20520

April 7, 1983

MEMORANDUM FOR: Mr. Robert C. McFarlane

National Security Council

Dr. Fred C. Ikle
Department of Defense

Subject:

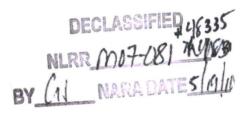
Our Relations with France

I have put together some general thoughts on the stresses and strains, and the opportunities, in our relations with France, as background for our meeting to discuss where we go from here with the French.

The French can be difficult, even infuriating to deal with; they are also valuable allies. We need to recognize their value even as we cope with the difficulties that they pose. French foreign policy has three principal aims, which were defined by de Gaulle and have been accepted by every subsequent government, including the present one: the deterrence of the Soviet Union; the containment of Germany; and the assertion of French independence and importance in international affairs. Each presents both problems and opportunities for us.

Although they have, of course, recognized the Soviet threat, the French have seldom been as worried about it as we have. In part this has been because of our concern. They have felt confident that the American commitment to Western Europe would prevent Soviet aggression; this made it possible for them to disassociate themselves formally from the NATO military command without weakening their own security. The Soviet Union served de Gaulle, and Pompidou and Giscard as well, as a vehicle for the third aim of French foreign policy. By opening a separate dialogue with the Soviets, by presenting themselves as an interlocutor separate from the United States, the French asserted their international independence.

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Mitterrand has found the French connection with Moscow less attractive than his predecessors. The expulsion of Soviet personnel for espionage demonstrates that his government has a healthy appreciation of the variety of ways the Soviets seek to undermine Western security. Just as important, distant relations with the Soviet Union have been a useful domestic political tactic for him, a way of keeping his Communist coalition partners in check. Mitterrand's policies toward the Soviets have therefore run parallel to ours, and this has been an asset to American foreign policy, one that we should welcome and try to cultivate. But we must bear in mind that the precedent, and the rationale, for a more cordial French attitude toward the Soviets remains. It would not be wholly surprising to see even this French president revert to it.

As for the second principal aim of France's foreign policy, the French continue to worry about the Germans, as we Americans are sometimes surprised to discover. The special political vocation that de Gaulle tried to establish for France had the purpose, among others, of maintaining an acceptable political balance between the French and the Germans. The French independent nuclear force ensures an acceptable military balance between them. (It is also a badge of independence; so it serves the third French foreign policy aim. This, and its effect on the Franco-German balance, may well be as important in the French scheme of things as its contribution to the deterrence of the Soviet Union.) And the recent flap with the Germans over exchange rates is evidence of French sensitivity to the economic balance between the two countries.

The French are particularly worried now about the appearance of neutralist sentiment in the Federal Republic, which they interpret as the rebirth of German nationalism in a new form that is potentially as dangerous as the old ones. The opposition to INF deployments has become the symbol to the French of this dangerous trend; that is why they have been so forceful about the importance of carrying through with the two-track decision. They will certainly continue to take this position, and here, too, their policy is an asset to us.

France's third principal aim--the assertion of an independent role in the international arena--is the source of much of the friction between us. Whatever we may think of this goal, we must, I think, recognize that it is an enduring feature of French

foreign policy. And it is often served by flouting the United States. The French have sometimes opposed us for the sake of opposing, in order to assert their independence. Defying us is a cheap, visible way of counting for something in the world. This particular impulse has been subdued since the Mitterrand government took office, but it has not entirely disappeared, as is evident from the procedural maneuvering surrounding the lifting of sanctions and the conduct of the East-West economic studies.

Moreover, while the fact that Mitterrand is a Socialist has been helpful to us--in contributing to a tougher attitude toward the Soviet Union and giving his position on INF added weight among other European parties of the left--it is also likely to lead to policies that do not reinforce ours. Mitterrand will no doubt continue to try to define a "socialist" foreign policy, which will likely translate into support for groups in Latin America that we oppose, support that is all the more likely because it serves the more general French interest of standing apart from the United States in international affairs.

The Mitterrand government, for domestic political reasons, did not until very recently launch the kind of attack on inflation that the President and Chancellor Kohl have mounted. We are a convenient scapegoat for France's resulting difficulties. The French may therefore use the Williamsburg Summit to hector us about reflating our economy, even as they have been grumbling about the German anti-inflation policies. On agricultural subsidies and the protection of manufacturing industries, the French, with politically powerful farmers and increasingly uncompetitive basic industries, are likely to be part of the problem, not the solution. On economic issues in general we are more likely to find ourselves conducting a policy of damage-limitation than of partnership with them.

In the face of these looming and probably unavoidable difficulties it is important that we recognize that French foreign policy has been of benefit to us even when it has seemed to violate our interests. Gaullism has meant a defiant, snippy French attitude toward the United States. It has also meant that France spends more on defense than any other ally. It has led to the creation of French military forces that have proved extremely useful to us outside Europe. Despite de Gaulle's posturing France strongly supports the Atlantic Alliance in its present form. And when all is said and done, the basic purposes that the French pursue and the values that they promote are our purposes and values as well.

SECRET SENSITIVE

- 4 -

In short, we must base our policy toward France on the appreciation that, despite the difficulties that it has created for us, French foreign policy has been advantageous to the foreign policy of the United States in the past, and can continue to support our purposes in the world in the future.

Lawrence S. Ea

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RECEIVED 22 APR 83 12

CLARK

FROM MARTIN

DOCDATE 22 APR 83

KEYWORDS: ENERGY

FOREIGN TRAVEL

SUBJECT: IEA ENERGY STUDY & MCMINN TRAVEL TO PARIS APR 24 - 28

ACTION: FOR DECISION

DUE: 23 APR 83 STATUS X FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

COMMENTS

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NATIONAL SECURITY COUNCIL

April 25, 1983

Carol--

Re Martin's current travel to Paris -- just received approval from across the street in writing -- MOW to Hill memo was not included in original package. If you still need to send one forward, there's one attached for MOW signature.

thanks,

pb

National Security Council The White House

Package # 2705

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UNCLASSIFIED (Classification)

DEPARTMENT OF STATE EXECUTIVE SECRETARIAT TRANSMITTAL FORM

s/s 8312819/8312817 **Date** April 29, 1983

For: Mr. William P. Clark

National Security Council

The White House

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		A translation	is attached.			
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		We believe no cited below.	response is ne	cessary fo	r the reas	son
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NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

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April 25, 1983

MEMORANDUM FOR CHARLES HILL

Executive Secretary Department of State

SUBEJCT:

NSC Staff Foreign Travel

NSC Staff Member: William F. Martin

Purpose of Travel: Accompany Secretary Hodel to the IEA Ministerial Meetings.

ITINERARY

Date	City	Country	Major Events & Meetings
5/8-10	Paris	France	IEA Ministerial Meetings

Michael O. Wheeler Staff Secretary

> Received in 5/5-I 4/26 at (1:00 AM (at))

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506 2

6312817

April 22, 1983

MEMORANDUM FOR CHARLES HILL

Executive Secretary Department of State

SUBJECT:

NSC Staff Foreign Travel

NSC Staff Member: William F. Martin

Purpose of Travel: To attend IEA Governing Board Meetings

ITINERARY

Date City Country Major Events and Meetings

4/25-27 Paris France IEA Governing Board Meetings

Michael O. Wheeler Staff Secretary

Accend no 5/5-1

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THE WHITE HOUSE

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NATIONAL SECURITY COUNCIL

April 22, 1983

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WILLIAM F. CLARK
WILLIAM F. MARTIN WITH BY Q NARA DATE 6 7/10

MEMORANDUM FOR WILLIAM P. CLARK

FROM:

SUBJECT:

IEA Energy Study

We made major headway in our Paris energy discussions this week with the Allies (Tab I), and we are close to achieving the NSDD-66 energy objectives. As head of the U.S. delegation, I was successful in negotiating language committing countries (1) to avoid undue dependence on any one insecure source of gas supply, (2) to begin prompt commercial negotiations for the Troll field once it is declared commercial this year, (3) to improve gas security measures in case of disruption, and (4) to take into account security factors in assessing the full cost of alternatives (i.e. they agreed to consider paying a premium over the price of Soviet gas for OECD resources).

IEA countries have also agreed to the idea of regular consultations, but several voiced their opposition to a 30% dependence on one source threshold figure for consultation. IEA study clearly concludes that beyond 30% dependence for Europe as a whole on any one diverse source will cause security problems and discourage full development of the Troll field. However, it is a difficult and quite arbitrary figure to use for all countries. This is the one area which remains outstanding, and it will be the key focus of the Governing Board next week. One possibility for overcoming this problem has been suggested by Ulf Lantzke -- Ministers would note the Secretariat conclusion that anything over 30% poses serious problems for European gas security and that countries would agree to indepth studies on their individual situations to develop a prudent gas security dependence threshold for each country. These prudent threshold levels would then be added to see what their cumulative effect would be on Troll development. If necessary, the prudent thresholds would be lowered, if Troll development looked threatened. Ultimately, this may be more exacting and individually binding than the global 30% figure for all countries, although this initiative could take several more months of work. Nevertheless, IEA

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Ministers are well positioned to agree to the other parts of the package May 8 as well as to identify the further work needed on individual country assessments.

We still need to bring the French along. The conclusions above have been agreed by IEA countries only (France is not a member of the IEA). We did have a separate OECD meeting devoted to the same subject, and the French were at least willing to talk about the conclusions, although they are skeptical about several points.

Press interest is picking up on this issue. On the front page of the Herald Tribune on Wednesday (Tab II), there was a headline, "Study Reportedly Backs U.S. View of Allies' Reliance on Soviet Gas." When asked by a reporter of the Herald Tribune, I characterized the meetings as "constructive, low key and technical." Nevertheless, the press would love to show continued allied division on the pipeline. If we move quickly and effectively, we will have an agreement before reporters can emphasize our differences.

Under Secretary Wallis will lead our delegation to Paris for next Tuesday's and Wednesday's Governing Board meeting which will try to resolve the remaining difficulties. He asked me to accompany him as his chief advisor. I had hoped that DIck Fairbanks could do this, but he has Middle East business with the Secretary.

The bottom line is that we are very close to bringing the pipeline drama to a successful conclusion. I am confident that the package we are talking about will effectively preclude development of a second strand and keep contracted amounts in the first strand to a minimum. Next week's meetings will be critical.

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Approve	Disapprove
Norman Bailey concurs.	

Attachments

Tab I Conclusions
Tab II Herald Tribune Article
Tab III Travel Request Form

cc: Pat Blauth

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ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

INTERNATIONAL ENERGY AGENCY

Sa gradient

CONFIDENTIAL

Paris, drafted: 21st April, 1983

dist:

IEA/GB(83)21

GOVERNING BOARD AND MANAGEMENT COMMITTEE

MAY MINISTERIAL - DRAFT CONCLUSIONS ON ENERGY REQUIREMENTS AND SECURITY

(Note by the Secretariat)

Attached is a draft document for Ministers for consideration by the Coverning Board on 27 April 1983

NLRR MOT-081 # 48338

BY FW NARA DATE 6-25-10

DRAFT CONCLUSIONS

- l. Ministers assessed world energy requirements and security for the next two decades, bearing in mind the importance of adequate and secure energy supplies to the prospects for sustained economic growth. They noted with satisfaction the progress that had been made since 1973 in reducing dependence on imported oil by increasing energy efficiency and the use of alternative fuels, notably coal, gas and nuclear energy. This progress has contributed to the lowering of oil prices which is now bringing an important and welcome relief to the world economy. Ministers agreed, however, that such relief was each likely to be temporary and that there is a risk of a renewed energy constraint on growth later in this decade unless the industrialised countries strengthen their policies to restructure their energy economies. Ministers noted, in this context, that dependence on imported oil, though reduced, remains high inmany of their countries and that this remains the major risk to their energy security; that the contributions of coal and nuclear energy are running significantly below earlier expectations; that the prospect of growing imports of gas to help reduce dependence on imported oil could lead to heavy dependence by some countries on single sources of gas supply; and that the outlook for investment in the efficient use of energy and for the development of indigenous energy sources is less than satisfactory. They agreed that some of these problems could be accentuated by the uncertain outlook for oil prices.
- 2. Since industrialised countries as a whole will, in any event, continue to rely heavily on imported energy, smoothly functioning world energy markets over the long-term will be essential for their economic well-being. Industrialised countries must seek to reduce the risk of disruptions and be prepared to minimise the effects on their economies of any which occur. The balance between energy security and costs will have to be struck in the circumstances of individual countries, having regard to their international commitments. Each country will, however, continue to develop strong and cost-effective energy policies based on that combination of market forces and government action which is best suited to its circumstances but including:

- implementing and as necessary strengthening present policies to promote the efficient use of energy and the continuing replacement of oil by other fuels;
- rapid and, where appropriate cooperative, development on an economic basis of indigenous energy resources - fossil fuels, nuclear energy, hydropower and other renewable energies - to the maximum possible extent consistent with environmental and social factors and the need to secure supplies beyond the turn of the century;
- [seeking to remove impediments to trade in energy within the [OECD][IEA] area];
- substantial programmes of research, development and demonstration;
- pricing and fiscal regimes which promote the rational use of energy and the development of indigenous energy resources;
- diversification of sources of energy imports;
- [cooperation on a regional basis to improve the overall flexibility of energy systems and to overcome transit problems];
- [effective cooperative measures for dealing with disruptions in energy supplies].

Ministers recognised that energy security and smoother functioning of world energy markets is not a matter for [OECD] [IEA] countries alone. More effective energy policies in the [OECD] [IEA] area should ease the world energy situation and thereby the energy situation of the non-oil developing countries. They emphasised the importance of mutual understanding with energy exporting and importing developing countries to the achievement of their aims. Development of the indigenous energy resources of the developing countries could in its turn make an important contribution to improving the world energy situation.

- 3. IEA Ministers reaffirmed the commitments of their Governments to:
 - the International Energy Programme, which remains the primary international protection of their countries against tighter oil markets in the longer term and, through the IEA oil emergency allocation system, in times of a major oil market disruption;
 - the Principles for Energy Policy adopted by IEA Ministers in October 1977;

- the Principles for IEA Action on Coal agreed in May 1979, which continue to provide a valuable framework for expanding world coal production, use and trade;
- the Lines of Action for Energy Conservation and Fuel Switching agreed in December 1980;
- the Governing Board decision of December 1981 regarding minor oil supply disruptions.

Energy Efficiency

- 4. Ministers recognised the important potential contribution of improved energy efficiency to overall energy security and agreed to give particular attention as appropriate to:
 - and conversion from oil including help to industry and others to overcome the high initial investment costs of certain energy—saving and fuel—switching measures;
 - [the development of an energy conservation industry capable of offering a comprehensive package which would include information on rational energy use and oil substitution, provision and installation of equipment, and financial advice tailored to the needs of customers;]
 - the publication of technical and financial information on the efficient use of energy and of any assessments which governments may make of long-term trends in energy demand, supply and prices so that those considering investments can better take into account long-term trends;
 - demonstration by governments within their own operations of the value of energy efficiency;
 - inclusion of energy efficiency as an element in industrial policy;
 - energy efficiency in transport and in the building sector through higher voluntary or mandatory standards;

 [policies to overcome structural barriers which make the impact of market signals].

Pricing and Fiscal Regimes

- 5. Ministers agreed to pay particular attention to:
 - removal of those price regulations which discourage the development of indigenous energy or the displacement of oil by other fuels or the efficient use of energy;
 - regulation of the tariffs of electricity utilities so as not to impede the provision of funds for investment in new generating capacity;
 - reviewing energy pricing policy, with the aims that energy prices should be more transparent and more closely reflect market prices or the long-term costs of maintaining supplies, as appropriate;
 - the structuring of fiscal regimes for oil and gas production so as to encourage timely development.

Coal and Other Solid Fuels

- 6. Ministers agreed that to promote on an economic basis further expansion of production, use and trade of coal and, where appropriate, of other solid fuels including lignite and peat:
 - their countries should continue to reduce impediments to a major expansion of coal use in electrical power generation and in industry;
 - their countries should take steps to provide the infrastructure needed for increased production, transport and marketing of coal;
 - coal-exporting countries should facilitate reliable coal exports in times of supply difficulties;

- their countries should promote the development of a flexible and diversified coal trading system, paying particular attention to the need for long-term contracts.
- 7. Coal use must be environmentally acceptable. Ministers agreed to accelerate cooperative efforts to promote strategies for the clean use of coal, including research, development and demonstration regarding coal use technologies, and to establish effective regulatory frameworks which allow coal users to choose the most economic means to achieve environmental goals. They will assess available and new technologies and review regularly the pace and impact of their introduction.

Nuclear Power

- 8. To fulfil its important potential for contributing to overall long-term energy security which is the concern of all industrialized countries, nuclear power will have to play a major and increasing role in many countries.

 Ministers:
 - stressed the importance of encouraging stable trade in nuclear equipment, fuel cycle services and nuclear fuel. Export and import regulations must be predictable, and based on [exemplary] [multilaterally agreed] [clear] non-proliferation conditions which are an essential prerequisite of assurance of supply;
 - agreed that Member countries would maintain reliable standards of nuclear reactor safety and continue to co-operate in various for aon these matters. Procedures for the approval of reactors and nuclear facilities should be as clear and expeditious as possible;
 - stressed the importance of international co-operation on spent fuel storage and waste disposal. They appealed to the governments of those countries in a position to do so to stimulate further progress in developing effective and timely methods for managing the back end of the fuel cycle in ways best suited to their national situations and compatible with international concerns. The IEA and NEA were

of Member governments in the waste disposal programme;

- requested the IEA and NEA to identify for prompt examination new possibilities for research and development in advanced technologies that support these conclusions.
- 9. Action on these lines will provide the basis for both institutional impediments and public acceptance concerns on nuclear power to be vigorously addressed and allayed wherever possible.

Gas

the state will be

- 10. Ministers agreed that gas has an important role to play in reducing dependence on imported oil. They also agreed, however, on the importance of avoiding the development of situations in which imports of gas could weaken rather than strengthen the energy and economic security of member countries. They noted in particular the potential risks associated with high levels of dependence on single supplier countries [and that a loss of more than about one-third of total gas supplies could in some circumstances give rise to difficulties in some countries in the 1990s]. To obtain the advantages of increased use of gas on an acceptably secure basis, they agreed that:
 - their countries would seek to avoid undue dependence on any one [non OECD] source of gas imports and to obtain future gas supplies from secure [OECD] sources. Additional supplies from outside the OECD area would be obtained from as diverse sources as possible, taking into account supply structures, the share of gas in energy balances, and the geographical situation of individual countries. In assessing the full costs of gas supply sources they will consider security factors;
 - their Governments would as appropriate either encourage gas companies and other undertakings concerned to take or take themselves cost-effective measures to strengthen their ability to deal with supply disruptions; these measures could include increased gas storage facilities, contingency demand restraint programmes, improved fuel-switching capabilities accompanied by adequate stocks

of oil or other alternative fuels, a more flexible grid structure, greater flexibility of contracts, more surge capacity, measures to accelerate intra-OECD trade on short notice through standby contracts for supplies in a disruption, and interruptible contracts with consumers;

- action should be taken to develop at economic cost indigenous gas resources, particularly in North America and the North Sea, which show promise of alleviating overall or particular pressures on energy imports;
- concerned member governments noting that part of the Norwegian Troll field may be declared commercial by 1984, would encourage their companies to begin negotiations on deliveries from this field as soon as possible, with a view to making supplies available at prices competitive with other fuels in the mid-1990s;
- trade and other barriers which could delay development of indigenous gas resources should be avoided or reduced;
- their Covernments would encourage the companies concerned to undertake feasibility studies, if appropriate in cooperation with member governments, to determine the economic, engineering, technical and financial factors, relevant to possible imports from a variety of non-OECD sources;
- governments within one region where there is scope for effective co-operation should invite gas companies operating in their jurisdictions to address and negotiate on a commercial basis co-operative arrangements to meet a disruption of supplies to any one country or to the region as a whole;

[Alternative A

- [governments agreed to keep each other informed on a continuous basis about the outlook for gas supply and the pattern of gas imports into their countries; changes in the pattern of supplies and progress towards the development and implementation of security measures should be given special attention in the annual country review process in various international organisations.]

[Alternative B:

- Special attention should be given in the annual country review process in various international organisations to the future pattern of gas supplies, to the progress on the development and implementation of security measures and to whether gas imports from a single non-OECD source constitute such a large proportion of total supplies as to give rise to concern in the context of vulnerability of supplies, either in respect of that country or collectively.

In considering the degree of vulnerability, relevant factors include the share of imports in total gas consumption and in total primary energy requirements, the reliability of particular sources, the flexibility of other supplies, sectoral distribution, stocks and fuel-switching possibilities.

At the request of a member state, an in-depth exchange of views about this question would take place in the review process. To allow a full assessment of its energy situation, the country concerned shall inform the other member states, if it plans major changes in its energy policy which are significant in the context of vulnerability of gas supplies.]

[Alternative C.

[if a country's imports from a single non-OECD source seemed likely to exceed under normal circumstances 30% of total supplies, that country would notify other member governments and be open for consultation with them. Such consultation would take into account the special circumstances of that country as regards the reliability of particular sources, flexibility of other supplies, the share of gas from all sources in overall energy requirements, stocks, sectoral distribution, and fuel-switching possibilities;

 changes in the pattern of supplies and progress towards the development and implementation of security measures should be given special attention in the annual country review process in various international organisations.] Oil

11. Ministers noted that since 1974, considerable progress has been made in improving energy security as far as oil is concerned. A continuation of these efforts will be necessary, however, as oil will remain by far the most important factor in OECD energy imports. Thus, in the year 2000 oil will still constitute more than 75% of all OECD energy imports. Ministers therefore agreed on the importance of strong cooperative arrangements for handling a major oil supply disruption and, in the case of IEA Ministers, on the need for continued improvement of the existing emergency allocation system. A firm commitment by oil companies to support the improvement and, if necessary, the operation of the system will continue to be needed for this purpose. [Ministers agreed to consider the possible co-ordination of stock draw down policies among measures which could be used to deal with a smaller shortfall which might lead to market disruption and economic dislocation in OECD countries.] To strengthen their overall emergency preparedness, Ministers also agreed to continue to pay particular attention to the continued adequacy of their countries' oil stocks in terms of amount, structure and flexibility.

Study Reportedly Backs U.S. View Of Allies' Reliance on Soviet Gas

By Axel Krause International Herald Tribune

PARIS - Several West European countries, and particularly France, have strongly challenged the recommendations of a study by the International Energy Agency that largely backs the Reagan administration's hard-line approach to Timiting European dependence on Soviet natural gas, according to semor U.S. and European officials.

The study, which remains in draft form and is classified confidential, was begun last December shortly after President Ronald Reagan announced he was lifting sanctions against European companies supplying U.S. equipment and technology to build the Siberian gas pipeline.

The stated purpose of the study was to ensure Western Europe's energy security. However, the conclusions and recommendations accompanying it, drawn up by the

agency's staff in consultation with tion to get any agreement on Eastmember nations, have created a West trade in other meetings being controversy of their own, according organized in preparation for the to the officials.

The recommendations of the study are to be presented for endorsement at the summit meeting

U.S. study is apparently optimistic on foreign debt crisis. Page 3.

of industrialized nations in Williamsburg, Virginia, at the end of

The Reagan administration be-United States some commitment of Europe on outside sources of on the energy issue in return for gas, mainly Algerian and Soviet, the lifting of the sanctions, officials familiar with the discussions said.

West European and U.S. diplomats said the tensions surrounding the International Energy Agency's discussions provided the first concrete indication of how difficult it will be for the Reagan administrasummit gathering.

On May 8, the conclusions and recommendations of the study are to be presented to energy ministers for approval at their annual meeting in Paris, the officials said. But the controversy has already surfaced in discussions between energy agency officials and representatives of the member nations.

"None of the participants had difficulties" with the detailed, techlieves that the Europeans owe the nical study of energy dependence said a diplomat whose government participated in the study.

> "But many of the conclusions we are being asked to endorse are not borne out by the study," the diplo-mat added. "And, politically, some are simply unacceptable."

Twenty-one nations, including the United States, belong to the energy agency, which is part of the Organization for Economic Cooperation and Development, France, although it refused to join, became involved in the study because it was one of several U.S. allies embroiled in the pipeline controversy.

Discussions of the study and the conclusions began Tuesday at the Paris headquarters of the energy agency. They are to conclude Wednesday.

Among the sensitive conclusions ---

- That industrialized nations agree to avoid "undue dependence" on any single source of natural gas, even if diversification in-volved "extra costs." The latter phrase was a reference to previous suggestions that Western Europe consider alternative, but potentially costly, gas imports from such areas as North America as well as other non-Soviet sources of energy.
- · If any nation found that dependence on any single, outside source of natural gas had reached 30 percent of its total gas requirements, the government would agree to "be open" to discussions with

other members of the energy agen-

U.S. officials said that in recommending the 30-percent ceiling, the study reflected the Reagan administration's apprehension over projected Soviet gas exports to Europe throughout the 1990s, and its conviction that both a commitment. and a mechanism are essential for dealing with growing European de-pendence on Soviet gas supplies.

 That private oil companies be encouraged to develop Norway's Troll gas and oil field in the North Sea, with a view to opening it to commercial development starting in the 1990s. Officials said that the recommendation was aimed at emphasizing the future of indigenous European supplies, specifically encouraging Norway to develop the Troll field.

• That governments encourage Western oil and gas companies to begin feasibility studies on other alternative sources of energy.

 That governments and industry agree on joint development of additional gas storage facilities in Europe and other steps to ensure that supplies are maintained in the event of a cutoff.

The conclusions reflect the Reagan administration's renewed effort to obtain a commitment from the Europeans on reducing their trade with the Soviet Union in general, officials said.

NSC STAFF TRAVEL AUTHORIZATION

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