

THE WHITE HOUSE

WASHINGTON

January 30, 1987

NATIONAL SECURITY STUDY
DIRECTIVE NO. 7-87

NATIONAL AND MULTILATERAL STRATEGIC EXPORT CONTROLS (S)

Introduction

The diversion of sophisticated manufacturing, computer, and other sensitive technologies represents a significant problem in sustaining the long-term security of the West. The Western alliance must sustain a substantial lead in key militarily related technologies if it is to effectively deter the Soviet threat. The aggressive Soviet program to obtain these technologies remains undiminished. At the same time, the consensus we have developed to protect these important technologies may unravel as the Congress and business community seek changes in the control program to facilitate exports. Our allies face similar pressures. The challenge is to develop an approach which will protect our security, but provide opportunities for growth and development of key sectors important to our long-term economic strength. (S)

The Administration faces a clear requirement for comprehensive policy guidance on export controls to balance the West's economic and security concerns. On January 27, 1987, I announced as part of the President's Competitiveness Initiative, that I was directing the Cabinet to undertake a review of the export control program and to report to me by early March. In accordance with that announcement, this National Security Study Directive establishes the Terms of Reference of an interagency study to develop a current and comprehensive United States policy on national and multilateral strategic export controls. (S)

Objective

The objective of this study is to conduct a national-level policy review of the U.S. Government's efforts to formulate and administer national and multilateral strategic export controls. (S)

The compilers of this study should review the policy in the context of maintaining long-term competitiveness and with a view to preserving and strengthening the national security goals which have been achieved thus far. National strategic export controls should seek to preserve and enhance Western technological lead and military capabilities, while minimizing the constraints on the economic vitality of the United States,

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its allies, and other nations friendly to Western interests.

(S)

The study, which should contain options as appropriate, will enable the Administration to devise a strategy to address relevant national security, economic, political, legislative and diplomatic concerns. (S)

Scope

The study will embody a comprehensive review of the policies, objective, organization, and priorities of the U.S. government in the formulation and execution of national and multilateral strategic export controls. (S)

The study will review related documents, directives and studies to form the basis of recommendations to the President. These shall include:

Export Administration Act of 1979, As Amended

The International Lists of the Coordinating Committee on Export Controls (COCOM)

The U.S. Commodity Control List

The Militarily Critical Technologies List (MCTL)

The study will also take into account materials and conclusions of related intelligence and other appropriate studies. (S)

The interagency group will produce recommendations and a supporting report by early March, 1987, for review by a senior policy group chaired by the Assistant to the President for National Security Affairs. The study will address, at a minimum, those issues raised in my January 27, 1987 Competitiveness Initiative announcement and:

1. Reduction, where appropriate, of the number of items contained in national and multilateral control lists;
2. Measures to strengthen national and international enforcement;
3. Means to ensure that U.S. exporters are not being disadvantaged in West-West and West-East trade, especially where evidence of foreign availability exists;
4. Improvements in the U.S. system of license processing, including such areas as:

administrative improvements,

greater use of time-certain mechanisms by which decisions must be reached,

5. Recommendations for improving and harmonizing the licensing and enforcement efforts of the U.S. and its COCOM allies;
6. U.S. and COCOM initiatives concerning third-country cooperation in strategic-export controls;
7. Greater coordination of interagency efforts to further the goals of strategic export controls and to maintain U.S. competitiveness;
8. Measures to improve administrative efficiencies of national and multilateral strategic export controls;
9. Provide recommendations on the appropriate rate of further liberalization of export controls to the PRC if warranted at this time.

In addition, before the overall study is completed, I am directing senior representatives of the Departments of State, Defense, and Commerce to meet immediately to consider possible legislative proposals that might be included in the Administration's Competitiveness bill which I will transmit to Congress in February. Recommendations from these agencies should be reported to me by no later than close of business, Monday, February 2. (C)

Administration

The Under Secretary of State for Security Assistance, Science and Technology, as the Chairman of the Senior Interagency Group on Transfer of Strategic Technology (SIG-TT) will be responsible for the day-to-day management and coordination of the study effort. He will be assisted by an Executive Committee consisting of senior representatives of the Departments of State, Commerce and Defense. The Chairman of the SIG-TT, after consulting the Executive Committee, will submit the study outline by February 5, 1987, to the Assistant to the President for National Security Affairs. The study should be completed no later than early March, 1987. (C)

Policy initiatives and other recommendations from the study team will be submitted to a senior policy group chaired by the Assistant to the President for National Security Affairs. The interagency group will include senior representatives from the Departments of State, Treasury, Defense, Justice, Commerce, Energy, Office of Management and Budget, Central Intelligence Agency, the U.S. Trade Representative, Office of Policy Development, and the Office of Science and Technology Policy. (C)

Ronald Reagan