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DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. paper	re section by section analysis and justification of Export Administration Act amendments 20 p. R 5/30/06 F99-078/1 #36	nd	P1, F1
2. draft bill	reauthorizing the Act 22 p. R " " #37	3/31/83	P1, F1
3. memo	Wm. Martin to Wm. Clark re trip report: east west energy study (1999) 3 p. R " " #38	3/29/83	P1, F1
4. paper	re draft conclusions 6 p. R " " #39	nd	P1, F1

RESTRICTIONS

P-1 National security classified information [(a)(1) of the PRA].
P-2 Relating to appointment to Federal office [(a)(2) of the PRA].

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

F-1 National security classified information [(b)(1) of the FOIA].
F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
F-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.



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

March 30, 1983

4/8

MEMORANDUM FOR Donald T. Regan

SUBJECT: Export Administration Act Enforcement

I have attached statutory language and a revised MOU which captures our agreement as expressed in both of our memos of yesterday.

Secretary of Commerce

Attachment

NATIONAL SECURITY COUNCIL

E-W T.

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ATTACHMENT

papers sent over
by Wethington

AMENDMENTS TO ENFORCEMENT PROVISIONS

Section 12 of Pub. L. No. 96-72 is amended as follows:

(1) by inserting before the first sentence of subsection (a):

"The Secretary of Commerce, or the head of any agency exercising the primary licensing functions under this Act, shall be responsible for enforcement of this Act. The Secretary of Commerce shall delegate to the Secretary of the Treasury or other appropriate agencies authority under this section to the extent necessary to ensure proper enforcement of this Act.";

(2) by deleting "the head of any department or agency exercising any function thereunder (and officers or employees of such department or agency specifically designated by the head thereof)" and substituting in lieu thereof "the Secretary";

(3) by inserting after the third sentence of subsection (a):

"Such officers or employees, except those acting pursuant to subsection 8(a) of this Act, in the performance of functions pursuant to this Act may seize commodities which they reasonably believe are being or about to be illegally exported, execute search warrants, make arrests and carry firearms."

Foreign Investigations

- A. As to the foreign phases of its export enforcement investigations where the customs service of that country is the primary agency enforcing that country's export control laws, Commerce will:
1. Establish all contacts with foreign customs services through U.S. Customs prior to initiating the investigation in a foreign country. U.S. Customs will make the initial contacts with that customs service prior to Commerce taking any investigatory action in that country.
 2. Coordinate all phases of the investigation of the case in the foreign country with U.S. Customs.
 3. Agree that, at the election of U.S. Customs, a Customs investigator will participate in all phases of the foreign investigation as a member of a Commerce-U.S. Customs foreign investigatory team assigned to conduct the investigation in the foreign country in question. The Customs team member may at his election accompany Commerce personnel in conducting the foreign investigation.
- B. In countries where the foreign customs service is not the primary agency for enforcing those countries' export control laws, Commerce will coordinate its investigation with U.S. Customs, which may at its election participate in export enforcement investigations in those countries.
- C. These procedures do not apply to pre-license and post-shipment checks which are routinely conducted by FCS and State Department personnel.

Training

With respect to training and development programs for agents, Commerce agrees to send all investigators to the basic criminal investigator's course at the Federal Law Enforcement Center, Glynco, Georgia, except for those who have previously completed such training or its equivalent.

Seizures

With regard to seizures of export cargo, Customs will have the primary responsibility for seizures at the point of export. Commerce will have the right to make such seizures in emergency situations or when Customs personnel are not readily available. In such cases, the seized items will be turned over to Customs in a timely fashion. Both parties will take appropriate steps, as necessary, to protect the evidentiary integrity of the seized material.



THE SECRETARY OF THE TREASURY ..
WASHINGTON 20220

March 29, 1983

MEMORANDUM FOR SECRETARY BALDRIGE

SUBJECT: Export Administration Act Enforcement

Your summary of our agreement on EAA Enforcement is generally correct. However, I have a few changes as follows:

1. The Administration will support statutory authority granting to Commerce Department the right to carry firearms, make arrests and to execute search warrants.
2. Commerce agrees to send its investigators to the Federal Law Enforcement Training Center as part of its training and development program for agents.
3. At the point of export (or what is normally Customs territory), Customs will have the primary responsibility for seizures. Commerce will have the right to make seizures in an emergency situation or when Customs personnel are not available.
4. As to overseas investigatory activity, Treasury will retain primacy, but Commerce will be able to send its investigators to participate under Customs' direction.
5. Treasury's role in enforcement will be referenced in the statutory language and Commerce will continue the delegation to Treasury of authority for enforcement activities. Items 2 - 4 will be clarified by a memorandum of understanding to be developed as soon as possible.

I will instruct John Walker and Willy von Raab to implement this on our side in conjunction with your instructions to Lionel Olmer and Larry Brady.

Donald T. Regan



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MAR 29 1983

MEMORANDUM FOR Donald T. Regan

Subject: EAA Enforcement

The points below summarize our agreement this morning.

1. The Administration will support statutory authority granting to the Commerce Department the right to carry firearms, make arrests, to execute search warrants, and to make seizures pursuant to its enforcement responsibilities.
2. Commerce agrees to send its investigators to the Federal Law Enforcement Training Center as part of the Commerce training and development program for agents.
3. At dockside (or what is normally considered Customs territory) Customs will have primary responsibility for seizures. Commerce will provide assistance if requested.
4. As to overseas investigatory activity, Commerce and Treasury will work out a cooperative arrangement.
5. Items 2-4 will be handled by a Memorandum of Understanding to be developed as soon as possible.

Commerce will continue the delegation to Customs of authority for enforcement activities.

I will instruct Lionel Olmer and Larry Brady to implement this on our side and request that you instruct appropriate Treasury/Customs officials likewise.

Secretary of Commerce

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SECTION-BY-SECTION ANALYSIS
AND JUSTIFICATION

SECTION 1.

Paragraph (1) of this section amends section 2(3) of the Export Administration Act of 1979 (EAA or Act) to state that while both the private sector and the Federal Government should place a high priority on exports, this priority must be consistent with the economic, security, and foreign policy objectives of the United States. By contrast, the current Act states that it is important to the national interest of the U.S. that the private sector and the Government place a high priority on exports "which would strengthen the national economy". The current provision is inconsistent with the tone and concerns of the EAA because it implies that top priority should be given to exports, exclusive of other concerns. The amendment would clarify the importance of considering exports in the context of overall U.S. interests.

Paragraph (2) strikes a paragraph from the finding section, which is replaced with new paragraph (7), described below.

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BY LOI NARA, DATE 5/30/06

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Paragraph (3) inserts a new paragraph in the EAA that describes the harmful effect foreign availability can have on U.S. national security interests. This finding focuses on the importance of eliminating foreign source availability of controlled goods and technology to make the export control system as effective as possible. This finding also provides a premise for the new corresponding policy declaration in section 3.

Paragraph (4) of Section 1 would insert new paragraph (7) into the EAA. This new paragraph notes that exporting goods and technology that contribute to the military capability of other countries has been detrimental to the security of the U.S. and its allies, and has led those nations to increase their defense budgets. This amendment highlights the consequences of failing to prevent or delay transfers of militarily sensitive technology. As such, it clarifies national security concerns and provides a better balance in the EAA findings between the advantages and disadvantages of export restrictions and export promotions.

SECTION 2.

Section 2 of this bill would amend Section 3 of the EAA by modifying paragraph (3) and adding new paragraphs (10), (13), and (14).

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The modification of section 3(3) adds that it is the policy of the U.S. to negotiate bilaterally or multilaterally to eliminate the foreign availability of controlled goods and technology. This amendment reflects the importance of negotiation as a critical element of the export control process.

New paragraph (10) states that it is the policy of the United States to seek arrangements with countries not members of COCOM that would restrict the export or re-export of U.S. goods and technology that are controlled for national security purposes. This paragraph is needed to address concerns about the diversion of dual use items to proscribed countries from countries not members of COCOM, and the importance of negotiations as a tool to resolve this problem.

New paragraph (13) states that it is the policy of the United States to minimize the impact of foreign policy controls on existing contracts and on business activities in allied countries. U.S. businesses have complained that the unpredictability of foreign policy controls have caused them business losses by prohibiting them from completing existing contracts as well as by damaging their reputations as reliable suppliers. Foreign allies have complained about

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the extraterritorial application of U.S. export laws. This policy statement notes that to the extent consistent with the underlying purpose of the foreign policy controls, the U.S. will attempt to minimize this impact. In addition, section 5(6) of this bill contains a sanctity of contract provision to provide the business community with additional protection.

New paragraph (14) recognizes that the Congress and the business community have urged the Commerce Department to develop new licensing mechanisms to ease trade controls for West-West trade. Under section 4 of the Act, the Secretary of Commerce already possesses the authority to require such licenses he believes will assist in the effective and efficient implementation of the Act. Thus, this policy would urge the Secretary to use that authority to develop new licenses for the situation described herein, and report to Congress on his efforts.

SECTION 3.

Section 3 of this bill amends section 4 of the EAA. Paragraph (1) of section 3 modifies section 4(a)(2) of the EAA by deleting reference to the qualified general license.

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This license has proven to be impractical to administer, has caused confusion in the business community, and delays in processing applications. Hence, references to the qualified general license in section 4 and in other sections of the EAA are deleted. Nonetheless, the Secretary expressly retains authority under this paragraph to issue licenses authorizing multiple exports.

Paragraph (2) of section 3 amends section 4(b) by striking the word "commodity" from the term "commodity control list." This deletion clarifies that controls are imposed not only on commodities on the commodity control list, but also on technical data described in technical data regulations.

Paragraph (3) of section 3 modifies the foreign availability test in section 4(c) of the Act from "significant quantities and comparable in quality" to "sufficient quantities and comparable in quality". This definition is now made consistent throughout the Act.

SECTION 4.

Section 4 amends section 5 of the EAA.

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Paragraph (1) grants authority to the President to prohibit transfers of goods or technologies within the U.S. to embassies and affiliates of countries to which exports of these goods or technologies are controlled. This authority is necessary because sales within the U.S. to embassies may be rendering national security controls ineffective.

Paragraph (2) of section 4 deletes subsection 5(a)(2)(B); this provision is subsequently re-inserted in section 10(f)(3) of the EAA by section 7(4) of this bill. Section 5(a)(2)(B) refers to notification of applicants in connection with denials of licenses on national security grounds. Because the primary authority for export denial procedures is located in section 10 of the EAA, the provisions of section 5(a)(2)(B) more logically belong in section 10.

Paragraph (3) deletes the word "commodity" in the first sentence of section 5(c)(1). This clarifies that controls are imposed not only on commodities on the commodity control list, but also on technical data described in separate technical data regulations.

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Paragraph (4) modifies the heading of section 5(d) to reflect the fact that this subsection refers to militarily critical goods as well as militarily critical technologies.

Paragraph (5) of this section modifies section 5(b)(2)(B) to include keystone materials. These materials properly belong on the militarily critical goods and technology list.

Paragraph (6) amends section 5(b)(5) by deleting the word "commodity" for reasons already explained.

Paragraph (7) provides that adequate export controls on militarily critical technology and keystone equipment shall be accompanied by a suitable reduction of controls on the products of that technology and equipment. It should not be necessary to maintain strict controls on those commodities which are not critical or integral to the process that has produced them. Thus, one constructive means of reducing export controls is to reduce those controls on the by-products of adequately controlled militarily critical technology and keystone equipment.

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Paragraph (8) deletes subsection (e) of section 5. Subsection (e) refers to the qualified general license provision which was deleted earlier in this bill.

Paragraphs (9) and (10) amend the definition of foreign availability in sections 5(f)(1) and 5(f)(2) by substituting the words "comparable quality" for the words "sufficient quality." This change conforms the definition of foreign availability in section 5 to that contained in section 4. Moreover, it is difficult to determine what "sufficient quality" means in the context of the EAA, whereas "comparability" is intended to imply fungibility and is a better choice of words in the context of this provision.

Paragraph (11) of this bill clarifies that the mere capacity of a foreign country to produce items in sufficient quantity and of comparable quality to those controlled by the U.S. so as to render the controls ineffective does not in and of itself constitute foreign availability.

Paragraph (12) amends section 5(f)(4) by instructing the President actively to pursue negotiations rather than merely to take steps to initiate negotiations. This change is intended to emphasize the importance of negotiations.

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Paragraph (13) amends the indexing section of the Act. Under present law the indexing section provides that regulations shall be issued permitting, where appropriate, annual increases in the performance levels of goods or technology subject to licensing requirements. Any good or technology no longer meeting the performance requirement is to be removed from the control list unless any agency objects, in which case the Secretary of Commerce shall consider that objection. Paragraph (13) modifies the indexing provisions by requiring the Secretary to consider as one factor in determining whether to remove a good or technology from control status the anticipated military needs of countries to which exports are controlled for national security purposes. Thus, the automatic nature of the indexing provision is modified by requiring the Secretary to take into account the anticipated military needs of potential adversaries.

Paragraph (14) makes a technical conforming amendment.

Paragraphs (15), (16) and (17) make minor editorial changes to section 5(i) in order to clarify existing ambiguities in the EAA.

Paragraphs (18) and (19) modify the section on multilateral export controls by strengthening the language

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relating to U.S. negotiations with COCOM governments. The President is urged, among other matters, to negotiate to make COCOM function more effectively in controlling export trade, to improve the International Control List, to upgrade the Secretariat, to strengthen enforcement, and to provide sufficient funding.

Paragraph (20) relates to the new policy expressed in section 3 regarding diversion from countries not belonging to COCOM by urging the Secretary of State to conduct negotiations with these countries to restrict the export of goods and technologies that are controlled for national security purposes.

Paragraph (21) amends section 5 by noting that a diversion to significant military use may include the diversion not only of weapons and military equipment but may also include diversion of a dual use item on the COCOM List.

SECTION 5.

Section 5 amends section 6 of the EAA.

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Paragraph (1) of section 5 amends section 6(c) of the EAA in a technical manner that eliminates ambiguity.

Paragraph (2) of section 5 amends section 6(f) of the EAA by inserting a new sentence that states that section 6(f) does not authorize export controls on donations of articles intended to be used to relieve human suffering, except to the extent that the President determines that such donations are in response to coercion of the proposed recipient or donor. This sentence is added to make the EAA consistent with the International Economic Emergency Powers Act.

Paragraphs (3) and (4) amend section 6(k) by deleting the word "commodity" in the phrase "commodity control list" and by striking the second sentence of section 6(k) and substituting in lieu thereof, "The Secretary shall clearly identify on the control list which goods and technical data and countries or destinations are subject to which types of controls under this section." This amendment clarifies that technical data are controlled under regulations that are separate from the commodity control list.

Paragraph (5) adds a new subsection to section 6 of the Act that provides for the sanctity of contracts already in existence at the time the President imposes export controls

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for reasons of foreign policy. This provision only applies to contracts the terms of which require delivery of the good or technology that is the subject of control within 270 days after the control is imposed. This 270-day period is the same as that provided for agricultural commodities in the Futures Trading Act of 1982. The President may nonetheless impose controls if he determines that the absence of controls on these exports would prove detrimental to overriding national interests.

SECTION 6.

Section 6 amends section 7[~] of the EAA by deleting subsections (c), (e), (f), (h), (i), and (j) of section 7 in their entirety, deleting paragraphs (1) and (2) from subsection (d), and redesignating the remaining sections accordingly. These deletions remove from the Short Supply section of the Act all special provisions that relate to particular items. Specifically, section 6 of this bill deletes those special provisions relating to refined petroleum products, domestically produced crude oil, horses, red cedar, and recyclable metals. The bill also deletes those provisions relating to barter agreements. The President retains general authority to impose controls for

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reason of short supply as he deems necessary. The bill also retains those provisions relating to trade controls on agricultural commodities, and the crude oil waiver provision that permits the President to export crude oil to meet U.S. supply obligations under the U.S.-Israeli supply agreement and the Agreement on an International Energy Program.

SECTION 7.

Section 7 amends section 10 of the EAA. Paragraphs (1) and (2) modify the procedures for processing export license applications. These paragraphs reduce from 90 days to 60 days the time granted to the Commerce Department to process a license that does not require interagency review, and gives to the Department of Commerce 14 days rather than 10 days to process a license after its receipt by the Commerce Department. This last change is needed because 10 days are inadequate to (a) screen licenses, (b) send applicants acknowledgement, and (c) determine the need for further documentation interagency review or COCOM review.

Paragraph (3) inserts in section 10(f)(3) that portion of the EAA which was deleted in section 5(a)(2)(B). As noted

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earlier in this analysis, this provision more logically belongs in section 10 of the EAA than in section 5.

SECTION 8.

Section 8 amends section 11 of the EAA. Paragraphs (1) and (2) of this section include "conspiring to violate the Act" or "attempting to violate the Act" in the category of violations subject to the punishments described in sections 11(a) and 11(b)(1) of the EAA.

Paragraph (3) simplifies the showing that the government must make to prove a willful violation in Section 11(b)(1) of the EAA. The amended version would require the government to either show that the goods were destined for a proscribed country, or show that the defendant knew that the goods were for the benefit of a country to which exports are controlled for national security or foreign policy purposes.

Paragraph (4) of this section clarifies that "countries to which exports are controlled for national security purposes" are, for purposes of this subsection, those countries designated pursuant to section 5(b) of the EAA as proscribed destinations.

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Paragraph (5) provides statutory authority to punish a person in possession of goods or technologies that are intercepted by law enforcement officials before an illegal export occurs, if the person intends to export the goods or technologies contrary to law. This paragraph would also allow enforcement officials to charge a person who is not involved in the act of making an illegal export, but who knowingly participates in stages of the crime.

Paragraph (5) adds a new paragraph to the EAA that reaffirms the current regulatory authority of the Secretary to create crimes under section 11 of the EAA.

Paragraph (6) of this section authorizes the President to prohibit offenders of the national security provisions of the EAA from importing goods or technology into the United States. The section provides a strong new penalty that would serve to deter and punish export control violations.

Paragraph (7) provides that property or proceeds that are forfeited by violators of national security controls shall be covered over into the general receipts of the Department of Treasury.

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Paragraph (8) redesignates subsections (f) and (g) as subsections (g) and (i), respectively, to conform to the additions and deletions in this bill.

Paragraph (9) inserts a new criminal forfeiture provision that requires the forfeiture of goods or technology that are the subject of a national security export control violation and property that is used to facilitate the commission of such violation. The forfeiture provision would also reach the property constituting or derived from, directly or indirectly, any proceeds obtained as a result of the violation. It is well established that monetary gain is a primary motivating force in serious national security control export violations. This amendment will enable prosecutors to recoup the gain that violators might otherwise be able to shelter.

Paragraph (10) adds new section (h) to Section 11 of the EAA. Section (h) corrects a major omission in the present export control program. There have been cases that involve dangerous, illegal technology transfers, but that include no violation of the Act. Under this amendment, at the discretion of the Secretary of Commerce persons convicted for espionage or under certain sections of the Arms Export

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Control Act could be barred from applying for or using export licenses for a period up to 10 years from date of conviction.

Paragraph (11) conforms redesignated subsection (i) to the additions and deletions in this bill.

SECTION 9.

Section 9 amends section 12 of the EAA.

Paragraph (1) provides that the Secretary of Commerce, or whoever has primary responsibility for the licensing functions under the Act, shall be responsible for enforcement of the Act. The Secretary of Commerce is directed to delegate to the Secretary of the Treasury, and other appropriate agencies, such enforcement authority necessary to ensure proper enforcement of the Act.

Paragraph (2) conforms the existing section 12(a)(1) to the notion contained in the first two new sentences. If the Secretary of Commerce (or primary licensing agency) is responsible for enforcement of the Act, then the Secretary - and not the head of any department exercising a function under the Act - must be granted the general authorities set forth in this subsection.

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Under paragraph (3), Office of Export Enforcement Criminal Investigators would be permitted to seize commodities that they reasonably believe are being or about to be illegally exported, execute search warrants, make arrests and carry firearms.

These powers are necessitated by the high potential for violence in the cases in this area. Many of these cases are characterized by the high-speed movement of cargo; transactions involving tremendous monetary gain; individuals who cross national boundaries without hesitation; enforcement activities in high-crime areas, frequently at night or at unconventional hours; and stiff criminal penalties in the event of conviction that make violent resistance to arrest a viable option for suspects. Also, it is impossible to predict in advance when an arrest or seizure will be necessary. Assistance from other law enforcement agencies is often unavailable when it is required. Finally, individuals subject to the proscriptions of the EAA have been apprehended with firearms in their possession.

Paragraph (4) redesignates the paragraphs to conform to the additions and deletions in the EAA resulting from this bill.

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Paragraph (5) deletes the word "commodity" to conform with changes made by section 3(2) of this bill.

SECTION 10.

Section 10 amends section 14 of the Act. Paragraph (1) redesignates the paragraphs in the Act and effects one deletion to conform to the additions and deletions in other provisions of this bill. The other paragraphs redesignate paragraphs of the Act to conform with changes made by this bill.

SECTION 11.

Section 11 amends section 17 of the EAA. Paragraph (1) redefines the term "controlled country" so that it is more appropriate for civil aircraft equipment than the existing definition, which relies on the definition contained in section 620(f) of the Foreign Assistance Act of 1961.

Paragraph (2) makes a technical change clarifying that, but for one exception, the procedures published pursuant to the Nuclear Non-Proliferation Act of 1978 (NNPA), rather than

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the EAA, govern export license applications referred to an interagency group pursuant to section 309(c) of the NNPA.

SECTION 12.

Section 12 amends section 18 of the EAA, which provides the authorization for appropriations to carry out the purposes of the EAA, to authorize such sums as may be necessary for each of the fiscal years 1984, 1985, 1986, and 1987.

SECTION 13.

Section 13 amends section 20 of the EAA to extend it for 4 years.

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A BILL

To amend and reauthorize the Export Administration Act of 1979.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

AMENDMENTS TO FINDINGS

SECTION 1. Section 2 of Pub. L. No. 96-72 is amended as follows:

(1) by striking in paragraph (3), "which would strengthen the Nation's economy.", and substituting in lieu thereof, "consistent with the economic, security, and foreign policy objectives of the United States.";

(2) by striking paragraph (5), redesignating paragraph (4) as paragraph (5), and redesignating paragraphs (7)-(9) as paragraphs (8)-(10), respectively; and

(3) by inserting after paragraph (3):

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BY MSJ NARA, DATE 5/30/06

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"(4) Availability from foreign sources of goods and technology that are controlled by the United States to protect its national security can adversely affect that security."; and

(4) by inserting after paragraph (6),

"(7) The transfer of critical commodities and technical data has made a significant contribution to the military potential of other countries that has been detrimental to the security of the United States, its allies, and other friendly nations, and has necessitated increases in the defense budgets of these nations."

AMENDMENTS TO DECLARATION OF POLICY

SECTION 2. Section 3 of Pub. L. No. 96-72 is amended as follows:

(1) by striking in paragraph (3) the word "and";

(2) by deleting in paragraph (3) the period which ends the sentence, and adding in lieu thereof, ", and (C) to negotiate bilaterally or multilaterally to eliminate, whenever possible, the availability of goods and technology

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from foreign sources that are present in sufficient quantity and are of comparable quality with those controlled or proposed to be controlled for national security purposes in the United States so as to render the controls ineffective in achieving their purposes."

(3) by redesignating paragraphs (10) and (11) as paragraphs (11) and (12), respectively, and inserting after paragraph (9):

"(10) It is the policy of the United States to seek arrangements with those countries not participating in the group known as the Coordinating Committee to restrict the export of U.S. goods and technology that are controlled for national security reasons."; and

(4) by adding new paragraphs (13) and (14) as follows:

"(13) It is the policy of the United States when imposing new foreign policy controls to minimize the impact on pre-existing contracts and on business activities in allied or other friendly countries to the extent consistent with the underlying purpose of the controls.

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"(14) It is the policy of the United States to develop licensing mechanisms to minimize the burdens placed on U.S. export trade, particularly U.S. export trade with COCOM, Australia, and New Zealand. The Secretary of Commerce shall periodically report to Congress on the results of this effort."

AMENDMENTS TO GENERAL PROVISIONS

SECTION 3. Section 4 of Pub. L. No. 96-72 is amended as follows:

(1) by deleting in paragraph (2) in subsection (a) "A qualified general license," and substituting in lieu thereof "Licenses";

(2) by modifying subsection (b) to read as follows:

"(b) Control List. -- The Secretary shall establish and maintain a list (hereinafter in this Act referred to as the 'Control List') indicating license requirements for exports to various countries of destination subject to control under this Act."; and

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(3) by deleting in subsection (c) "significant" and substituting in lieu thereof "sufficient", and inserting after "to those produced in the United States" the words "so as to render the controls ineffective in achieving their purposes".

AMENDMENTS TO NATIONAL SECURITY CONTROLS

SECTION 4. Section 5 of Pub. L. No. 96-72 is amended as follows:

(1) in paragraph (1) of subsection (a), by inserting after the first sentence, "This authority includes the power to prohibit or curtail the transfer of goods or technologies within the United States to embassies and affiliates of countries to which exports of these goods or technologies are controlled.";

(2) by deleting subparagraph (B) in paragraph (2) of subsection (a) and by striking "(A)" before the first sentence of paragraph (2) of subsection (a);

(3) by deleting the word "commodity" in the first sentence of paragraph (1) in section (c), and by deleting the

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second sentence in that paragraph and substituting in lieu thereof:

"The Secretary shall clearly identify on the control list which goods and technical data and countries or destinations are subject to which types of controls under this section.";

(4) by modifying the heading of subsection (d) to read "Militarily Critical Goods and Technologies.";

(5) by modifying subparagraph (B) of paragraph (2) in subsection (d) to read "keystone materials and manufacturing, inspection, and test equipment, and";

(6) by deleting the word "commodity" in paragraph (5) of subsection (d);

(7) by redesignating paragraph (6) of subsection (d) as paragraph (7), and inserting after paragraph (5):

"(6) The establishment of adequate export controls for militarily critical technology and keystone equipment shall be accompanied by suitable reductions in the

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controls over the products of that technology and equipment.";

(8) by deleting subsection (e) in its entirety, and redesignating subsections (f)-(l) as (e)-(k), respectively;

(9) in paragraph (1) of subsection (e), as redesignated, by striking "sufficient quality" and substituting in lieu thereof "comparable quality";

(10) in paragraph (2) of subsection (e), as redesignated, by striking "sufficent quality" and substituting in lieu thereof "comparable quality";

(11) by redesignating paragraphs (3)-(6) in subsection (e), as redesignated, as (4)-(7), respectively, and adding a new paragraph (3) as follows:

"(3) The mere capacity of a foreign country to produce items in sufficient quantity and of comparable quality with those controlled by the United States, so as to render the controls ineffective in achieving their purposes, does not, in and of itself, constitute foreign availability.";

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(12) by striking in the first sentence of paragraph (5) of subsection (e), as redesignated, "take steps to initiate" and substituting in lieu thereof "actively pursue";

(13) in section (f), as redesignated,

(a) by striking "and qualified general licenses" in the first sentence,

(b) by inserting at the end of the first sentence, "The regulations issued by the Secretary shall establish as one criterion for the removal of goods or technology the anticipated needs of the military of countries to which exports are controlled for national security purposes.", and

(3) by deleting from the existing second sentence "by the latest such increase" and substituting in lieu thereof "by the regulations";

(14) by striking in paragraph (6) of subsection (g), as redesignated, "(f)(1)", and substituting in lieu thereof "(e)(1)";

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(15) by striking in paragraph (1) of subsection (h), as redesignated, "agreement of the Committee," where it appears the second time and substituting in lieu thereof "list,";

(16) by striking in paragraph (2) of subsection (h), as redesignated, "discussing export control policy issues and issuing policy guidance" and substituting in lieu thereof "providing guidance on export control policy issues";

(17) by striking in paragraph (3) of subsection (h), as redesignated, "reduce" and substituting in lieu thereof "modify";

(18) by inserting in paragraph (4) of subsection (h), as redesignated, after "effective procedures for" the words "administering and";

(19) by inserting after paragraph (4) of subsection (h), as redesignated, paragraphs (5) and (6) as follows:

"(5) Agreement to improve the International Control List and minimize the approval of exceptions to that list, strengthen enforcement and cooperation in enforcement efforts, provide sufficient funding for COCOM, and improve the structure and function of the

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COCOM Secretariat by upgrading professional staff, translation services, data base maintenance, communications and facilities.

"(6) Agreement to strengthen COCOM so that it functions effectively in controlling export trade in a manner that better protects the national security of each participant to the mutual benefit of all.";

(20) by inserting in subsection (j), as redesignated, after "other countries" the words ", including those countries not participating in the group known as the Coordinating Committee,", by striking "policy" and substituting in lieu thereof "policies", and by striking "section 3(9)" and inserting in lieu thereof "sections 3(9) and 3(10)"; and

(21) by inserting after "Munitions List" in paragraph (2) of subsection (k), as redesignated, "or the military use of any item on the COCOM List".

AMENDMENTS TO FOREIGN POLICY CONTROLS

SECTION 5. Section 6 of Pub. L. No. 96-72 is amended as follows:

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(1) by deleting in subsection (c) "with such affected United States industries as the Secretary considers appropriate," and substituting in lieu thereof "as appropriate with affected United States industries";

(2) by inserting after the first sentence in subsection (f) "This section also does not authorize export controls on donations of articles, such as food and clothing, intended to be used to relieve human suffering, except to the extent that the President determines that such donations are in response to coercion against the proposed recipient or donor.";

(3) by striking in the first sentence of subsection (k) the word "commodity";

(4) by striking the second sentence of subsection (k) and substituting in lieu thereof "The Secretary shall clearly identify on the control list which goods and technical data and countries or destinations are subject to which types of controls under this section."; and

(5) by adding at the end of section 6 a new subsection as follows:

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"(1) Sanctity of Contract.--No control may be imposed under this section on an export under an export sales contract (1) entered into before the President places the export under control, and (2) the terms of which require delivery of the export within two hundred and seventy days after the control is imposed, except where the President determines that the absence of foreign policy controls on these exports would prove detrimental to the overriding national interests of the United States."

AMENDMENTS TO SHORT SUPPLY CONTROLS

SECTION 6. Section 7 of Pub. L. No. 96-72 is amended by deleting in their entirety subsections (c), (e), (f), (h), (i), and (j), by deleting paragraphs (1) and (2) of subsection (d), by redesignating paragraph (3) of subsection (d) as subsection (c), and by redesignating subsection (g) as subsection (d).

AMENDMENTS TO PROCEDURES FOR PROCESSING EXPORT LICENSE APPLICATIONS

SECTION 7. Section 10 of Pub. L. No. 96-72 is amended as follows:

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(1) by striking in the first sentence of subsection (b) "10" and substituting in lieu thereof "14";

(2) by striking in subsection (c) "90" and substituting in lieu thereof "60"; and

(3) by inserting in paragraph (3) in subsection (f) after "the policies set forth in section 3 of the Act which would be furthered by denial," and before "and, to the extent consistent with the national security" the following:

"what, if any, modifications in or restrictions on the goods or technology for which the license was sought would allow such export to be compatible with controls imposed under this Act,".

AMENDMENTS TO VIOLATIONS PROVISIONS

SECTION 8. Section 11 of Pub. L. No. 96-72 is amended as follows:

(1) by inserting in paragraph (a) after "violates" the following "or conspires to or attempts to violate";

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(2) by deleting in paragraph (1) in subsection (b) "exports anything contrary to" and substituting in lieu thereof "violates or conspires to or attempts to violate";

(3) by inserting in paragraph (1) in subsection (b) after "benefit of" the following, "or that the destination or intended destination of the goods or technology involved is", and by striking "restricted" and substituting in lieu thereof "controlled";

(4) by adding at the end of paragraph (1) in subsection (b) the sentence "For purposes of this subsection, a country to which exports are controlled for national security purposes is one identified pursuant to the determinations made in accordance with subsection 5(b) of this Act.";

(5) by inserting after paragraph (2) in subsection (b) the following paragraphs:

"(3) Whoever possesses any goods or technology with the intent to export them contrary to this Act or any regulation, order, or license issued thereunder shall be subject to the penalties as provided in subsection 11(a), except for a

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national security violation which would be subject to the penalties as provided in subsection 11(b)(1).

"(4) Nothing in this section shall limit the power of the Secretary to define by regulations violations under this Act.";

(6) by inserting after paragraph (2) in subsection (c) the following new paragraph:

"(3) Whoever violates any national security control imposed under section 5 of this Act, or any regulation, order, or license related thereto, may be subject to such controls on the importing of its goods or technology into the United States or its territories and possessions as the President may prescribe.";

(7) by inserting in subsection (e) after "subsection (c)" the words "or any property interest or proceeds forfeited pursuant to subsection (f)", and by inserting after "refund any such penalty" the words "imposed pursuant to subsection (c)";

(8) by redesignating subsections (f) and (g) as subsections (g) and (i), respectively;

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(9) by inserting after subsection (e):

"(f) Forfeiture of Property Interest and Proceeds.

-- (1) Whoever has been convicted of a national security export control violation under subsection (a) or (b) shall, in addition to any other penalty, forfeit to the United States:

"(A) any of his interest in, security of, claim against, or property or contractual rights of any kind in the goods or technology that were the subject of the violation;

"(B) any of his interest in, security of, claim against, or property or contractual rights of any kind in property that was used to facilitate the commission of the violation; and

"(C) any of his property constituting, or derived from, any proceeds obtained directly or indirectly as a result of such violations.

"(2) The procedures in any criminal forfeiture under this section, and the duties and authority of the courts of the United States and the Attorney General with respect to any criminal forfeiture action under this section or with

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respect to any property that may be subject to forfeiture under this section, are to be governed by the provisions of section 1963 of Title 18, United States Code.";

(10) by inserting after subsection (g), as redesignated, the following paragraph:

"(h) Prior Convictions. -- No person convicted of espionage under Title 18, United States Code, Section 793, 794, or 798, Title 50, United States Code, Section 783(b), or the Arms Export Control Act, Title 22, United States Code, Section 2778, shall be eligible, at the discretion of the Secretary, to apply for, or use, any export license during a period of up to 10 years from the date of conviction. Any outstanding export licenses in which such a person has an interest may be revoked, at the discretion of the Secretary, at the time of conviction."; and

(11) by striking "or" after "(d)," in the introductory language that precedes paragraph (1) in subsection (i), as redesignated, and inserting after "(f)", ",(g) or (h)".

AMENDMENTS TO ENFORCEMENT PROVISIONS

SECTION 9. Section 12 of Pub. L. No. 96-72 is amended as follows:

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(1) by inserting before the first sentence of subsection (a):

"The Secretary of Commerce, or the head of any agency exercising the primary licensing functions under this Act, shall be responsible for enforcement of this Act. The Secretary of Commerce shall delegate to the Secretary of the Treasury or other appropriate agencies authority under this section to the extent necessary to ensure proper enforcement of this Act.";

(2) by deleting in the existing first sentence in subsection (a) "the head of any department or agency exercising any function thereunder (and officers or employees of such department or agency specifically designated by the head thereof)" and substituting in lieu thereof "the Secretary (and officers or employees of the Department of Commerce specifically designated by the Secretary)";

(3) by inserting after the existing first sentence of subsection (a):

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"Such officers or employees, except those acting pursuant to subsection 8(a) of this Act, in the performance of functions pursuant to this Act may seize commodities which they reasonably believe are being or about to be illegally exported, execute search warrants, make arrests and carry firearms.";

(4) by striking in subsection (e) "section 5(h)" and substituting in lieu thereof "section 5(g)"; and

(5) by striking in subsection (e) "commodity".

AMENDMENTS TO ANNUAL REPORT

SECTION 10. Section 14 of Pub. L. No. 96-72 is amended as follows:

(1) in subsection (a) --

(a) by deleting paragraph (6) in its entirety, and by redesignating paragraphs (7)-(20) as paragraphs (6)-(19), respectively;

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(b) by striking "section 5(f)" in paragraph (6), as redesignated, and substituting in lieu thereof "section 5(e)";

(c) by striking "section 5(f)(5)" in paragraph (7), as redesignated, and substituting in lieu thereof "section 5(e)(6)";

(d) by striking "section 5(g)" in paragraph (8), as redesignated, and substituting in lieu thereof "section 5(f)";

(e) by striking "section 5(h)" in paragraph (9), as redesignated, and substituting in lieu thereof "section 5(g)";

(f) by striking "section 4(e)" in paragraph 15, as redesignated, and substituting in lieu thereof "section 4(d)"; and

(2) by striking "section 5(i)" in subsection (c) and substituting in lieu thereof "section 5(h)".

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AMENDMENTS TO EFFECT ON OTHER ACTS

SECTION 11. Section 17 of Pub. L. No. 96-72 is amended

(1) by striking the last sentence in subsection (c) and substituting in lieu thereof:

"For purposes of this subsection, the term 'controlled country' means any country to which exports are controlled under section 5 of this Act because of a finding that a significant contribution to the military potential of that country would prove detrimental to the national security of the United States."; and

(2) by deleting in paragraph (2) of subsection (d), "that they are consistent with such published procedures, except".

AMENDMENTS TO AUTHORIZATION OF APPROPRIATIONS

SECTION 12. 50 U.S.C. App. §2417 is amended by striking paragraph (1) of section (b) and substituting in lieu thereof:

"(1) such sums as may be necessary for each of the fiscal years 1984, 1985, 1986, and 1987, and".

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AMENDMENTS TO TERMINATION DATE

SECTION 13. Section 20 of Pub. L. No. 96-72 is amended by deleting "1983" and substituting "1987".

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Barlog

MEMORANDUM

NATIONAL SECURITY COUNCIL

E-W T

March 29, 1983

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MEMORANDUM FOR WILLIAM P. CLARK

FROM: WILLIAM F. MARTIN *WFM*

SUBJECT: Trip Report: East-West Energy Study

Summary

We made good progress in Paris last week on the Energy Requirements Study. Most member nations of the IEA agreed that the draft conclusions -- which include a cap on non-OECD gas imports of 30% and agreement to accelerate Troll -- were a good basis to begin discussions toward political conclusions. At our strong urging, it was agreed that we would have an IEA Ministerial meeting on May 8 to conclude the study. The Germans were helpful; the French remain a continual problem.

Technical Study and Conclusions

Before the IEA Governing Board meeting, the IEA Secretariat distributed the first draft of the energy requirements study (30 page executive summary; 120 page technical report) and draft conclusions. The technical study concludes that without development of OECD indigenous gas production, the Soviet Union could capture as much as 60% of West Europe's gas market in the 1990s. The Secretariat draft conclusions circulated before the Governing Board meeting called for commitments to (1) cap non-OECD gas supplies at 30% of total gas supplies, (2) accelerate development of the giant Troll field, and (3) develop security arrangements to protect against supply disruptions.

Dick Fairbanks, Dick McCormack and I held several bilaterals before the Governing Board meeting to test the waters on these conclusions. A first multilateral discussion was then held at the informal bureau dinner (Summit countries plus Norway and the Netherlands) with a fuller discussion among all IEA member countries at the Governing Board last Thursday, March 24.

The Response

All countries, including Summit nations, were surprised at the rate of progress and at the fact that we could be discussing

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conclusions at this early stage. Some warned that the conclusions had gotten too far out in front of the technical study. Others (particularly the Germans) recognized the political necessity of moving ahead quickly. The French were the least enthusiastic about discussing conclusions, although they recognized the value of the technical work to date. Smaller neutral countries, particularly the Swedes, Austrians and Swiss, were also concerned that we were moving too fast.

Ulf Lantzke, with support from the US and Germany, held firm. It was agreed that we would have a Ministerial meeting May 8 and that the draft conclusions were a good basis for beginning our preparations for that important discussion.

Following the Governing Board meeting, I redrafted the draft conclusions (attached as Tab I) taking into account a number of good comments from all delegations as well as overall US objectives. I lunched with Dr. Lantzke last Friday and gave him our revised draft. He agreed to use it as the basis for his next draft, which will be distributed early this week. He will incorporate comments from other delegations, but will preserve US concerns. Our three part gas package still remains -- the cap on OECD imports of 30% of gas supplies, acceleration of Troll and development of security arrangements.

Of these three elements, the cap is likely to be the most difficult to achieve, but I think that we can find some formulation which will satisfy all countries. The French (informally) and the Germans (formally) have already announced their intentions to cap Soviet gas at 30%.

Next Steps

One of the sub-groups of the the Governing Board, chaired by John Ferriter of the State Department, will review the conclusions the week of April 4. The Governing Board will then look at the revised conclusions (with probably several brackets) at its next meeting April 27. Ministers will then resolve the final problems May 8. Secretaries Shultz and Hodel are likely to be our participants.

Conclusions

1. We are well on our way to achieving the energy objectives of NSDD-66, namely to cap Soviet gas imports, to accelerate Troll and to develop security measures. We must not divert away from our objectives to have the three part package.
2. The IEA technical documentation supports our own technical conclusions that the Soviets can make serious inroads into the

gas market of Europe, thereby blocking OECD gas development. The IEA secretariat has found our four scenario cases convincing.

3. Ulf Lantzke has been extremely helpful to US interests. This has been the key to coming this far so soon. We have been fortunate that he has requested considerable technical assistance from the US, and he has consistently taken our policy objectives as the starting point for seeking a consensus among OECD countries.

4. The next month is critical and, despite the time consuming nature of frequent trips to Europe, NSC must continue to make its presence felt. I still have the uncomfortable feeling that State, if left to its own devices, would like to cave in too soon just to get the energy issue resolved. I don't think that we have to accept second best results.

5. A successful energy study is essential to the success of Williamsburg. It will illustrate progress in the East-West economic sphere and allow more time for the other studies to come to successful conclusions. We are almost there in the substance. I am confident that the Germans will go a long way in meeting our needs. The major problem will be the French. A separate strategy will be needed with them on not just energy, but all East-West economic matters.

Attachment

Tab I Draft Conclusions

cc: Charles Tyson
Norman Bailey
Roger Robinson
Henry Nau
Dennis Blair

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BY LOI, NARA, DATE 5/30/06

DRAFT CONCLUSIONS

OECD and IEA countries have assessed world energy requirements and security for the next two decades. They have concluded that considerable progress has been made in restructuring energy economies away from oil towards more diversified sources of supply and that the energy security problem confronting OECD countries is less severe than in 1973. Member countries recognized that the best route to long term energy security is through the adoption of [REDACTED] market based energy policies, particularly the removal of government obstacles which impede the diversification of energy imports, the accelerated development of indigenous production, [REDACTED] oil substitution and more efficient energy use. They also recognized that Member governments must be prepared to deal with short term emergency oil and gas shortfalls which might undermine their individual and/or collective economic and security interests.

In assessing the world energy outlook, Ministers concluded that oil will remain the primary fuel of OECD economies and as such will still be the predominant security concern to the end of the century. Gas imports are likely to increase sharply over the period, particularly in Europe and Japan. While such imports will constitute a lesser percentage of primary energy consumption than oil imports, serious security concerns can arise if efforts are not made to diversify sources of non-OECD imports and to accelerate the rate of development of indigenous OECD resources. Coal production, use and trade are expected to expand, although coal's full potential will not be realized unless means can be found to use it in an environmentally sound and technologically acceptable manner. Nuclear energy is expected to meet a growing share of energy demand - perhaps as much as fifteen percent by the end of the century. However, efforts will have to be made to address vigorously institutional impediments and public acceptance concerns in member nations and to deal effectively with the back end of the fuel cycle.

To reinforce existing efforts and to strengthen short and long term energy security, they agreed:

- 1) to take further cooperative measures to strengthen their abilities to deal with disruptions in energy supplies;
- 2) to avoid undue dependence on any one source of energy imports, with particular regard to oil and gas;
- 3) to accelerate development on an economical basis of energy resources indigenous to the OECD community of nations;
- 4) to continue efforts to increase energy efficiency, which has been a major contributor to the improved energy situation.

Oil

Considerable progress has been made in lowering OECD imports and in reducing the share of oil in total energy. The present surplus of oil in world markets with the resultant lowering of prices has brought important and welcome relief to OECD economies. Nevertheless, oil markets are expected to tighten again by the end of the decade, or earlier if economic recovery is more robust than presently expected.

Ministers noted that considerable progress has been made in improving OECD wide oil security over the last decade. The principal challenge is to continue to apply effectively already agreed upon policies, improving them as circumstances warrant. In this respect, IEA Ministers reaffirmed their support for the International Energy Program, including most importantly the IEA oil emergency allocation system which remains the primary defense of industrialized countries in times of a major oil market disruption. IEA countries will continue the process of improving the procedures and operations of this system.

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In cases of less than a 7 percent shortfall which might lead to market disruption and economic dislocation in OECD countries, member governments reconfirmed their past commitment to consult with a view towards adopting measures that could deal with that threat, including possible coordination of stock draw down policies.

To strengthen their overall energy emergency preparedness, member countries also agreed to increase their strategic oil stocks.

Gas

As a consequence of the long-term policies of OECD/IEA countries to restructure their energy economies and decrease their dependence on oil, natural gas has become an increasingly important source of energy. Unique among energy sources, absolute levels of gas imports from outside the OECD area are expected to rise considerably during the next two decades, particularly in Europe and Japan. While these gas imports represent an important source of diversification to provide for a better energy balance, Ministers agreed on the need to avoid ^{a situation in which} imports of gas from non-OECD sources create conditions of vulnerability for member countries' energy supplies.

They agreed to continue their efforts to diversify their sources of supply so that no one producer can exercise monopoly power over OECD and IEA countries. To this end, they agreed that a prudent energy security objective would be to ensure that gas imports from any non-OECD producer do not exceed, except in exceptional circumstances, 30 percent of any country's total gas supplies. Ministers agreed to consult promptly in the event that potential new developments might undercut this objective, in order to ensure that such developments would not weaken OECD/IEA energy and economic security, particularly by frustrating the development of competitively priced OECD indigenous reserves.

With regards to non-OECD sources of supply, they agreed to undertake feasibility studies to determine the economics, engineering, technical constraints and timing of potential gas

Ministers agreed that energy security concerns would be significantly attenuated by the accelerated and timely development of indigenous OECD reserves, particularly the substantial reserves of the North Sea and other competitively priced supplies. In this regard, Ministers noted that the Norwegian Troll field will be declared commercial ~~in~~ 1984. Concerned member governments agreed to recommend to their companies to begin negotiations on the exploration and development of this new field as soon as possible to ensure that supplies from this substantial reserve are made available at market competitive prices beginning in the mid-1990's. Fiscal regimes should be structured in a manner conducive to the realization of this objective. They urged member governments which have regulated prices to move towards market pricing.

Ministers agreed on the need for adequate safety measures to minimize security risks. While recognizing that the level of dependence on imports, the degree of security of gas supplies, and the state of preparations against supply disruptions varies from country to country, they agreed to take, in conjunction with the companies, the necessary measures, appropriate to each country's situation, to strengthen safety measures. Such measures would include increased storage facilities, ^{higher oil stocks,} contingency demand restraint programs, incentives for improved fuel switching capabilities, a more flexible grid structure, greater flexibility of contracts, more surge capacity, measures to accelerate intra-OECD trade on short notice, as interruptible contracts with consumers. To integrate successfully the above measures in time of crisis, they invited companies within one region to consider the feasibility of developing a market-based emergency program which would be implemented if imports to any one country, or the region as a whole, fell short by 25 percent. Member countries agreed to review annually the structure of the gas supply situation in individual countries, and the progress made toward the development of safety measures.

Coal

Given the large resource base in member countries, coal offers an important opportunity to reduce reliance on non-OECD energy sources. Coal's share of total energy is expected to increase substantially over the next two decades. Despite this growth, short term security risks associated with coal production, use and trade are likely to be much less severe than those involving oil and gas.

Ministers reconfirmed their support for the IEA Principles for Coal, adopted in 1979. They noted that this agreement continues to provide a valuable framework for expanding world coal trade.

Member countries recognize that further expansion of coal use and trade is demand constrained, not supply limited. In this respect, coal importing countries agreed to reduce impediments to increased coal use to ensure that coal is rapidly phased-in as a major fuel for electrical power generation and in industrial sectors. Exporting and importing OECD countries agreed to take steps to assure that the necessary infrastructure is in place to provide for the production, transport and marketing of coal on an economical and efficient basis. Coal exporting countries agreed to consider legislative steps to assure reliable supply of coal exports in times of emergency. Both coal importing and exporting nations stressed the importance of long-term contracts.

It is essential that future coal use be environmentally acceptable. To this end, member governments agreed to accelerate cooperative efforts to promote the clean use of coal including the identification and promulgation of state of the art technologies that would meet the objectives and satisfy environmental concerns on a cost-effective basis.

Nuclear Power

Ministers agreed that nuclear power makes an indispensable contribution to OECD indigenous energy supplies. Its share is likely to grow from 6 percent in 1980 to as much as 14 percent of total energy supplies by the end of the century.

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For nuclear power to assume its potential energy role in OECD economies, both institutional impediments and public acceptance concerns will have to be vigorously addressed. OECD and IEA countries agreed to undertake the development of procedures which would facilitate the approval of reactors and nuclear facilities.

To facilitate increased nuclear power growth, member countries also stressed the importance of stabilizing trade among OECD countries in nuclear equipment and fuel supplies. To this end, they agreed that export regulations must be predictable, thus ensuring reliable supply, while maintaining exemplary non-proliferation conditions. Ministers recognize that without all countries' adherence to a regime of carefully constructed export restraints and practices which minimize the risk of proliferation, nuclear commerce will not be possible.

They agreed that member countries would maintain the highest possible standards of nuclear reactor safety and continue to cooperate in various fora on the implementation of reactor safety programs.

They also stressed the importance of international cooperation on storage and waste disposal. The IEA and the NEA were directed to establish a working group that would be responsible for holding periodic scientific consultations so that member governments could report on their progress in the waste disposal program.

Member countries also agreed to pursue joint research and development in breeder and fusion technology and materials research and directed the IEA and the NEA to identify possible ventures.

Energy Efficiency

Member countries recognized that their collective energy security would in general be improved through continued gains in the efficiency of energy consumption. To this end, Ministers pledged to continue their efforts to secure the efficient use of energy by government imposed market distortions and other impediments to