

Ronald Reagan Presidential Library  
Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**Collection:** Bailey, Norman A.: Files  
**Folder Title:** East-West Trade  
(10/21/1981-10/28/1981)  
**Box:** RAC Box 5

---

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library inventories visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** BAILEY, NORMAN: FILES

**Withdrawer**

SMF 3/2/2010

**File Folder** EAST-WEST TRADE [10/21/1981-10/28/1981]

**FOIA**

F99-078/3

**Box Number** 5

ZUBER

12

| ID    | Doc Type | Document Description                                                            | No of Pages | Doc Date   | Restrictions |
|-------|----------|---------------------------------------------------------------------------------|-------------|------------|--------------|
| 86168 | MEMO     | RE MEETING SENIOR INTERDEPARTMENTAL GROUP (SIG) ON EAST-WEST ECONOMIC RELATIONS | 1           | 10/21/1981 | B1           |
| 86170 | LIST     | ATTENDANCE FOR SIG MEETING                                                      | 1           | ND         | B1 B3        |
| 86172 | MEMO     | BREMMER TO DYKE, ET AL RE STRATEGY PAPER                                        | 1           | 10/23/1981 | B1           |
| 86174 | PAPER    | US STRATEGY TOWARD EUROPE-USSR PIPELINE                                         | 13          | ND         | B1           |
| 86175 | MEMO     | BRYEN TO SPECIAL ASSISTANT RE PIPELINE                                          | 2           | 10/27/1981 | B1           |

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

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

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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

NSC/S PROFILE

~~SECRET~~

ID 8106170

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ENCLOSURE(S)  
*smf 3/2/16*

RECEIVED 22 OCT 81 11

TO LENZ

FROM BREMER

DOC DATE 21 OCT 81

KEYWORDS: EAST WEST  
SIG

ECONOMICS

*E-W-T*

SUBJECT: SUMMARY OF CONCLUSIONS FOR 20 OCT SIG MTG ON EAST - WEST ECONOMIC  
RELATIONS

ACTION: FOR RECORD PURPOSES                      DUE:                      STATUS C      FILES IF

FOR ACTION

FOR CONCURRENCE

FOR INFO

PIPES

LENZ

**BAILEY**

NAU

FEITH

COMMENTS

REF# 8130688

LOG

NSCIFID

( H / H )

ACTION OFFICER (S)      ASSIGNED                      ACTION REQUIRED                      DUE                      COPIES TO

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

DISPATCH

W/ATTCH FILE (C)

S/S 8130688  
6170

2



DEPARTMENT OF STATE

Washington, D.C. 20520

October 21, 1981

~~SECRET~~  
(UNCLASSIFIED Without Attachment)

- TO :
- OVP - Mrs. Nancy Bearg Dyke
  - NSC - Mr. Allen Lenz
  - DOE - Mr. Henry Thomas
  - DOC - Ms. Jean Jones
  - DOD - Mr. Jay Rixse
  - JCS - LTC Edward Bucknell
  - USTR - Mr. Richard Heimlich
  - Treasury - Mr. David Pickford
  - CIA - Mr. Thomas B. Cormack
  - OMB - Mr. William Schneider

SUBJECT: SIG Meeting Summary of Conclusions

Attached is the Summary of Conclusions for the SIG meeting on East-West Economic Relations held October 20, 1981.

*L. Paul Bremer, III*  
 L. Paul Bremer, III  
 Executive Secretary

- Attachments:
1. Summary of Conclusions
  2. Attendance List

~~SECRET~~  
 (UNCLASSIFIED Without Attachment)  
 GDS 10/21/87

*smf 3/2/10*

# WITHDRAWAL SHEET

Ronald Reagan Library

*Collection Name*

BAILEY, NORMAN: FILES

*Withdrawer*

SMF 3/2/2010

*File Folder*

EAST-WEST TRADE [10/21/1981-10/28/1981]

*FOIA*

F99-078/3

ZUBER

*Box Number*

5

12

---

| <i>ID</i> | <i>Document Type</i>        | <i>No of</i> | <i>Doc Date</i> | <i>Restric-</i> |
|-----------|-----------------------------|--------------|-----------------|-----------------|
|           | <i>Document Description</i> | <i>pages</i> |                 | <i>tions</i>    |

---

86168 MEMO

1 10/21/1981 B1

RE MEETING SENIOR INTERDEPARTMENTAL  
GROUP (SIG) ON EAST-WEST ECONOMIC  
RELATIONS

---

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

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

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

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

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

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

# WITHDRAWAL SHEET

Ronald Reagan Library

*Collection Name*

BAILEY, NORMAN: FILES

*Withdrawer*

SMF 3/2/2010

*File Folder*

EAST-WEST TRADE [10/21/1981-10/28/1981]

*FOIA*

F99-078/3

ZUBER

*Box Number*

5

12

---

| <i>ID</i> | <i>Document Type</i><br><i>Document Description</i> | <i>No of</i><br><i>pages</i> | <i>Doc Date</i> | <i>Restrictions</i> |
|-----------|-----------------------------------------------------|------------------------------|-----------------|---------------------|
| 86170     | LIST<br><br>ATTENDANCE FOR SIG MEETING              | 1                            | ND              | B1<br>B3            |

---

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

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

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

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

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

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

How U.S. trade practices contribute to the Soviet military buildup. . .

# U.S. HELP FOR THE SOVIET WAR MACHINE

E.J. (Jake) Garn,  
U.S. Senator, Utah

May 1981

ISSN 0016-6537

The General Federation of  
Women's Clubs Magazine

GFWC CLUBWOMAN



GFWC CLUBWOMAN  
Editor/Designer: Margaret M. Leavitt  
Assistant Editor: Kay Marshall

**D**uring the past decade, the Free World has been witness to the growth of a war machine unsurpassed in the history of mankind. This war machine has been constructed in a relentless fashion by the Soviet Union. The result is that for the first time in its modern history, our nation is faced with a stark reality—from its former position of unquestioned military superiority over the Soviet Union, the United States now finds itself on the verge of being eclipsed by a country pledged to our destruction.

It is now widely recognized that the strategic nuclear balance has begun to tip in favor of the Soviet Union. What must also be emphasized is the grim reality that the Soviets are prepared to exploit their military advantage. The destabilizing activities of the Soviet Union and its proxy military forces in Africa and the brutal Soviet invasion of Afghanistan are clear examples of what is in store for the U.S. and its allies if steps are not taken to counteract Moscow's military adventurism.

How did this disturbing turn of events take place? How is it that the U.S. and the other mighty nations of the Free World, who still enjoy overwhelming economic superiority over the Soviet Bloc, are being reduced to a position of military inferiority?

The Soviets did not begin to threaten to outstrip us entirely through their own efforts—U.S. national security export control policy must bear a significant share of the blame. The heart of the problem has been the lack of a clear-cut

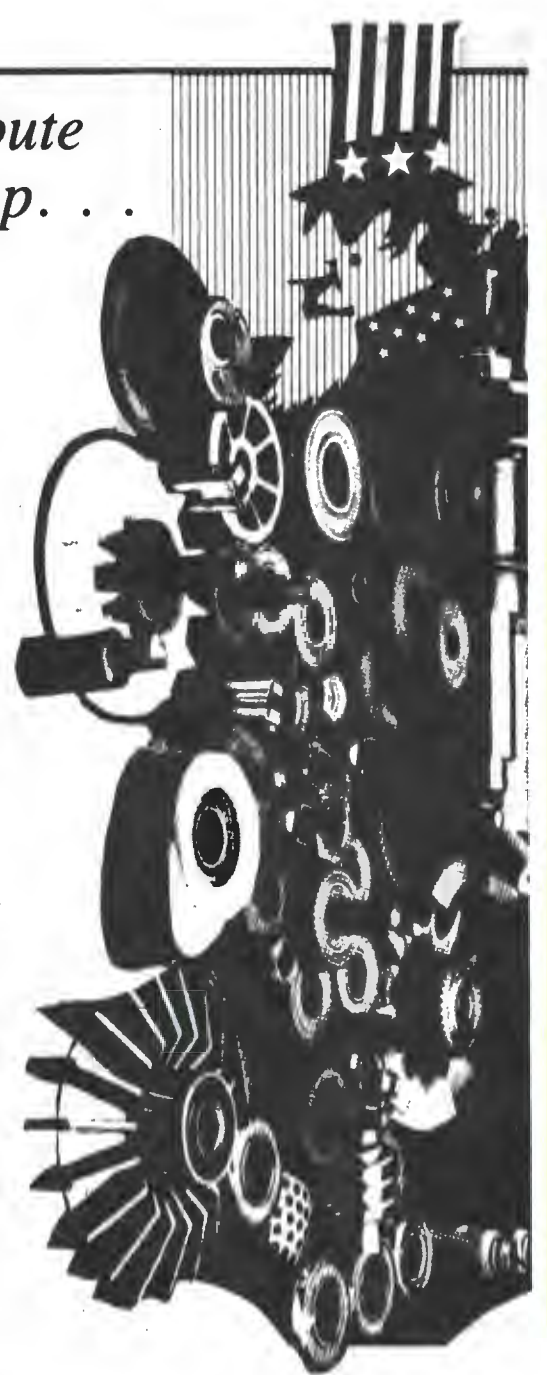
policy concerning East-West trade, as well as the failure of the Commerce Department to adequately protect U.S. interests in matters of strategic trade. In fact, the Commerce Department has been the lead agency within the Executive Branch for promoting trade, which has resulted in the transfer of critical strategic technology to the Soviet Bloc during the last decade. Due to its overriding export promotion bias, the Commerce Department has, in many circumstances, disregarded or, at least, underestimated the national security implications of such transfers.

**T**he Senate Banking Committee has jurisdiction over the Export Administration Act. Through my participation on that Committee, I have become increasingly concerned with the failure of the Commerce Department to prevent the flow of certain strategic technology to potential adversary countries. Congress has heard repeated testimony from expert witnesses, both from within and outside of government, that the fragile technological lead which we enjoy over the Soviet Union is shrinking.

What remains of our once vaunted military superiority, on which our national security increasingly depends, is in part being whittled away through a wide variety of technology transfer mechanisms, including direct sales, third-party transfers and exchange programs. It is well documented that the Soviets will seek to buy technology that they cannot develop, and they will attempt to

steal technology that they cannot buy. Furthermore, during the era of detente, considerable amounts of so-called "dual-use technology"—technology which is designed for peaceful uses but has potential military application—was sold to the Soviet Union and its satellites. Much of it has been diverted to the Soviet military. For example, the U.S. assisted in the design and financing of the world's largest truck plant on the Kama River in the Soviet Union with the understanding that the vehicles would be used for peaceful purposes. However, our intelligence has confirmed that Kama River trucks are continuing to be used to support the Soviet occupation of Afghanistan. Missile launchers and armored personnel carriers from the Soviet Union's ZIL truck complex—which has also received U.S. computers and machine tools—are not only utilized by the

GFWC Clubwoman



S.W.T.

Soviet military, but are sent to their allies throughout the world. However, this is but the tip of the iceberg regarding Soviet military uses of U.S. technology sold in the name of detente.

Along with detente, another rationale to justify questionable U.S. strategic trade policies has been that increased East-West trade will lead to the solution of our balance of payments problems. The Western nations and the U.S., in particular, have eagerly sought Eastern markets in hopes of extending their profit margins, even when the sale of certain high-technology has undermined the U.S. military advantage over the Soviet Union. I must point out, however, that these exports have had an insignificant bearing on our balance of trade. In fact, if the Warsaw Pact nations continue to flood Western markets with low-cost goods, often produced at a loss with U.S. technology, the long range impact on our balance of payments will be very harmful to American working men and women.

Finally, "foreign availability" of strategic technologies and commodities is another frequently cited rationale for opening the floodgates for trade with our adversaries. What the Commerce Department has failed to fully appreciate in the past is that a variety of factors must be weighed in determining whether foreign availability actually exists. These include the availability of spare parts, and maintenance programs, to name only a few. Unfortunately, in some instances, proper investigation of foreign availability has never been undertaken by the Commerce Department, as leading experts have pointed out in recent Congressional hearings. I am confident that if thorough investigations were made, the argument that "foreign availability always exists in today's industrialized world" would be found to be a crutch used to continue relatively unrestricted strategic trade with our adversaries.

For a moment, let's consider the sanctions imposed upon the USSR in January, 1980 by former President Carter in response to the Soviet invasion of Afghanistan, including restrictions on exports of high technology, phosphates and other items. Pending Commerce's review of the criteria used in reviewing applications for exports to the USSR, all outstanding licenses were suspended and pending applications held until the review was completed.

The so-called embargo ended a few months later when Commerce began evaluating all outstanding licenses and pending applications against the new criteria on a case-by-case basis. Unfortunately, in my opinion, the Carter sanc-

tions represented only half-hearted responses to Soviet aggression and drew strong bipartisan fire in the Congress because of their numerous loopholes.

The most glaring defect in the guidelines was the failure to include the Soviet satellite nations of Eastern Europe. Authorities within the Department of Defense have maintained that to be completely effective, any embargo must include Soviet Bloc nations because the possibility of leakage through other Warsaw Pact countries is very high. Another shortcoming is that many lower level or "general destination" technologies and commodities continue to be sold to the Soviets, regardless of their apparent military potential. Therefore, even regarding the Soviet Union itself, there seems to have been no effective guideline for an embargo.

in our export policy, combined with the administrative capability to protect our national security, will be sufficient to halt this potentially dangerous technology transfer. It is time that we got away from cosmetic cures, such as the recent guidelines, and made the decision that we want to effectively control strategic trade with potential adversary nations. We must decide whether we, as a nation, want to protect the major military advantage we have left over the Soviet Union—our technology.

I believe immediate action should be taken to remedy existing defects in our national security export control system. If the limited trade sanctions against the USSR fail, and Soviet aggression is not deterred, there is a serious danger of military confrontation fur-

---

*Democracy depends upon the honest clash of honest ideas. It involves compromise, to be sure. But we can reach the best decisions only if we begin from honest belief . . . .*

*—Former Secretary of State Edmund S. Muskie*

---

For example, as one of its acts in office, the Carter Administration approved a license for Caterpillar Inc., allowing it to supply the Soviet Union with advanced pipe-laying equipment to be utilized in the construction of a natural gas pipeline connecting Northwestern Siberia to Western Europe—the longest such pipeline in the world. Should the pipeline become a reality, our NATO allies would become dangerously dependent on Soviet energy supplies that could be cut at any time. This could lead to the gradual "Finlandization" of Western Europe and ultimately to the destruction of NATO. If the U.S. is to regain any measure of credibility with its allies, it must stop this on-again, off-again policy of imposing sanctions on the Soviet Union and develop in its place a coherent policy of export controls towards that nation. Indeed, this will be one of the greatest challenges facing the new Reagan Administration.

Even if the new Administration can develop such a long-needed policy, it is questionable whether the present export control structure can be relied upon to properly administer the new guidelines—simply because for too long that structure has taken its mandate to *promote* exports to the Soviet Bloc far more seriously than its mandate to *protect* the national security of our country.

It is clear that only a dramatic change

ther down the road. It would be a great tragedy if the sanctions fail due to bureaucratic rivalries and inefficiencies within the Executive Branch. That is why I introduced S. 2606 during the last Congress—legislation to create an independent Office of Strategic Trade (OST)—free from export promotion bias.

In an article in the *Wall Street Journal*, on March 21, 1980 entitled "Russian Know-How," it was stated that:

"As competition overshadows cooperation between the U.S. and the Soviet Union one battleground emerges as critical. It is technology. How the U.S. and the Soviet Union fare in economics, defense and even world prestige in the future will depend increasingly on their scientific and industrial innovation."

In closing I wish to emphasize that over the past ten years, various administrations have attempted to use trade policy to lure the Soviet Union into new cooperation in international relations. During the period of detente, I believe this country went too far and, in some cases, threw caution to the winds in the area of strategic East-West trade. It is time to stop and take a look at where we have been and where we are going. The legislation I have introduced will establish a mechanism by which normal and peaceful trade with all countries of the world can be conducted, and through which the security of this country will be strengthened. □



UNCLASSIFIED UPON REMOVAL  
OF CLASSIFICATION ENCLOSURE(S)  
FROM BREMER

*SMF*  
*3/2/10*

RECEIVED 23 OCT 81 15

DOC DATE 23 OCT 81

TO LENZ

*E. W. T.*

*Bailey*

KEYWORDS: USSR

OIL

EAST WEST

SIG

SUBJECT: STRATEGY PAPER ON YAMAL ENERGY ALTERNATIVES FOR SIG WEEK OF 26 OCT

ACTION: PREPARE MEMO FOR ALLEN

DUE: 26 OCT 81 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

LENZ

FEITH

NAU

STEARMAN

PIPES

BAILEY

COMMENTS

REF# 8130828

LOG

NSCIFID

( D / )

| ACTION OFFICER (S) | ASSIGNED | ACTION REQUIRED | DUE | COPIES TO |
|--------------------|----------|-----------------|-----|-----------|
|                    |          |                 |     |           |
|                    |          |                 |     |           |
|                    |          |                 |     |           |
|                    |          |                 |     |           |
|                    |          |                 |     |           |

DISPATCH

W/ATTCH FILE

(C)

# WITHDRAWAL SHEET

Ronald Reagan Library

*Collection Name*

BAILEY, NORMAN: FILES

*Withdrawer*

SMF 3/2/2010

*File Folder*

EAST-WEST TRADE [10/21/1981-10/28/1981]

*FOIA*

F99-078/3

ZUBER

*Box Number*

5

12

---

| <i>ID</i> | <i>Document Type</i><br><i>Document Description</i> | <i>No of</i><br><i>pages</i> | <i>Doc Date</i> | <i>Restric-</i><br><i>tions</i> |
|-----------|-----------------------------------------------------|------------------------------|-----------------|---------------------------------|
|-----------|-----------------------------------------------------|------------------------------|-----------------|---------------------------------|

---

86172 MEMO

1 10/23/1981 B1

BREMMER TO DYKE, ET AL RE STRATEGY  
PAPER

---

The above documents were not referred for declassification review at time of processing  
Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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

# WITHDRAWAL SHEET

Ronald Reagan Library

*Collection Name*

BAILEY, NORMAN: FILES

*Withdrawer*

SMF 3/2/2010

*File Folder*

EAST-WEST TRADE [10/21/1981-10/28/1981]

*FOIA*

F99-078/3

ZUBER

*Box Number*

5

12

---

| <i>ID</i> | <i>Document Type</i><br><i>Document Description</i>  | <i>No of</i><br><i>pages</i> | <i>Doc Date</i> | <i>Restric-</i><br><i>tions</i> |
|-----------|------------------------------------------------------|------------------------------|-----------------|---------------------------------|
| 86174     | PAPER<br><br>US STRATEGY TOWARD EUROPE-USSR PIPELINE | 13                           | ND              | B1                              |

---

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

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

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

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

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

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

# WITHDRAWAL SHEET

Ronald Reagan Library

*Collection Name*

BAILEY, NORMAN: FILES

*Withdrawer*

SMF 3/2/2010

*File Folder*

EAST-WEST TRADE [10/21/1981-10/28/1981]

*FOIA*

F99-078/3

ZUBER

*Box Number*

5

12

---

| <i>ID</i> | <i>Document Type</i><br><i>Document Description</i> | <i>No of</i><br><i>pages</i> | <i>Doc Date</i> | <i>Restric-</i><br><i>tions</i> |
|-----------|-----------------------------------------------------|------------------------------|-----------------|---------------------------------|
| 86175     | MEMO<br><br>BRYEN TO SPECIAL ASSISTANT RE PIPELINE  | 2                            | 10/27/1981      | B1                              |

---

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

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

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

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

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

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