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WITHDRAWAL SHEET

Ronald Reagan Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
letter case (8290889)			
1. NSC profile	(1p) R 11/7/05 M03-1340 #1	11/5/82	P-1
2. memo	from D. Blair/R. Robinson to W. Clark re: NSC meeting (3pp)	11/9/82	P-1, P-5
3. agenda	from NSC meeting (1p) R 11/7/05 M03-1340 #3	11/9/82	P-1
4. memo	from W. Clark to the President re: NSC meeting (2pp) R " " #4	11/9/82	P-1, P-5
5. memo	from G. Shultz/M. Baldrige to the President re: options (3pp) R 7/7/10 M03-1340 #5	11/5/82	P-1, P-5
6. minutes	of NSC meeting, handwritten (3pp)	11/10/82	P-1, P-5
7. agenda	for NSC meeting (1p) R 11/7/05 M03-1340 #7	11/9/82	P-1
8. memo	from M. Wheeler to J. Poindexter re: attendance a NSC meeting, with handwritten notations (2pp) R " " #8	11/9/82	P-1
9. memo	from D. Blair/R. Robison to W. Clark re: NSC meeting, with handwritten notations (3pp)	11/9/82	P-1, P-5
10. agenda	for NSC meeting (1p) R 11/7/05 M03-1340 #10	11/9/82	P-1
11. memo	from W. Clark to the President re: NSC meeting (1p) R " " #11	11/9/82	P-1, P-5
12. memo	from G. Shultz/M. Baldrige to the President to President re: options, with handwritten notations (3pp) R 7/7/10 M03-1340 #12	11/5/82	P-1, P-5
letter case (8290922)			
COLLECTION: EXEC. SECRETARIAT, NSC: Rcds (NSC Meeting Files)			dd
FILE FOLDER: NSC 00065 09Nov82 [2 of 2] Box 91284			12/9/94

RESTRICTION CODES

Presidential Records Act - 144 U.S.C. 2204(a)

- 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].

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

Freedom of Information Act - 16 U.S.C. 652(b)

- 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].

WITHDRAWAL SHEET

Ronald Reagan Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
13. memo	from D. Blair to W. Clark re: minutes of NSC Meeting (1p)	11/17/82	P-1
14. minutes	R 11/7/05 MO3-1340#13 of NSC meeting (9pp)	11/9/82	P-1, P-5
COLLECTION:			
EXEC. SECRETARIAT, NSC: Rcds (NSC Meeting Files)			dd
FILE FOLDER:			
NSC 00065 09Nov82 [2 of 2] Box 91284			12/9/94

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
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- C. Closed in accordance with restrictions contained in donor's deed of gift.

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

- 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-5 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(5) of the FOIA].
- F-6 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-7 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-8 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

PENDING REVIEW IN ACCORDANCE WITH E.O. 13233

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: MEETING FILE

Withdrawer

SMF 3/29/2007

File Folder NSC 0065 09 NOV 82 (2 OF 2)

FOIA

M1340

Box Number 91284

ID	Doc Type	Document Description	No of Pages	Doc Date
4	MEMO	CLARK TO PRESIDENT (M1340 #4)	2	11/9/1982
		<i>mvu 3/14/08</i>		
11	MEMO	SAME AS DOC #4 (M1340 #11)	2	11/9/1982
		<i>mvu 3/14/08</i>		

RECEIVED 06 NOV 82 14

TO PRESIDENT FROM SHULTZ, G DOCDATE 05 NOV 82
 BALDRIGE, M 05 NOV 82
 BLAIR 15 NOV 82

KEYWORDS: SANCTIONS POLAND
 EXPORT CONTROLS EAST WEST ECONOMICS
 AGENDA NSC

SUBJECT: AGENDA & PRES BRIEFING PAPER FOR 9 NOV NSC MTG ON MODIFICATION OF
 POLAND RELATED SANCTIONS

ACTION: PREPARE MEMO FOR PRES DUE: STATUS C FILES IFM O

FOR ACTION FOR CONCURRENCE FOR INFO
 ROBINSON BLAIR

DECLASSIFIED
 NLS M03-1340#1
 BY WAT, NARA, DATE 11/7/05

COMMENTS

REF# LOG 8290909 8290910 NSCIFID NSC00065 (B / B)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
<i>[Handwritten initials]</i>	<i>X 11/1</i>	<i>in the document</i>		
<i>[Handwritten initials]</i>	<i>P 11/1</i>	<i>for delivery</i>		
<i>[Handwritten initials]</i>	<i>11/15</i>	<i>to [unclear] note</i>		<i>[Handwritten initials]</i>

DISPATCH _____ W/ATTCH FILE _____ (C)

8290889
NSC 00069 127

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THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 1-8 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

NATIONAL SECURITY COUNCIL MEETING

Tuesday, November 9, 1982
5:15 p.m.

AGENDA

- 1. Introduction William P. Clark
- 2. Review of allied consultations on non-paper Secretary Shultz
- 3. Options William P. Clark
 - a. Lift all oil and gas equipment and technology controls against the Soviet Union.
 - b. Cancel June 22 amendment and resulting denial orders, while retaining December 29 controls with broad exceptions criteria, including the "grandfathering" of pre-December contracts.
 - c. Same as Option 2 but exception criteria would be temporary pending urgent implementation of multilateral controls on critical oil and gas equipment technology to replace December controls.
 - d. Cancel only June 22 amendment. December sanctions would be maintained pending successful negotiation of multilateral controls on critical oil and gas equipment and technology.
- 4. Discussions of options. Cabinet Members
- 5. Conclusion William P. Clark

~~SECRET~~

Declassify on: OADR

DECLASSIFIED

NLS M03-1340#3

BY LOI, NARA, DATE 11/7/05

~~SECRET~~

90889

THE WHITE HOUSE

WASHINGTON

November 9, 1982

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: NSC Meeting on November 9, 5:00 p.m., on
East-West Economic Relations

Issue

Now that we have reached agreement with the Allies on the non-paper, the issue before you is to select the appropriate U.S. response in terms of modifying our unilateral oil and gas controls.

Facts

The following options will be presented to you at the NSC meeting:

- Option 1: Lift all oil and gas equipment and technology sanctions against the Soviet Union.
//
- Option 2: As recommended in attached memo from Secretaries Shultz and Baldrige, cancel the June 22 measures, and resulting denial orders; retain December 29 controls with broad "exceptions" criteria including grandfathering pre-December contracts.
x //
- Option 3: "Toughen" the recommendations in the Shultz/Baldrige memo through an NSDD, requiring speedy agreement on multilateral controls on critical oil and gas equipment in the context of the study called for in the non-paper.
- Option 4: Lift only the June 22 measures pending the separate successful negotiation of multilateral controls on critical oil and gas equipment.
x \

Discussion

Your selection from these options depends on the approach you think will be most effective in translating the broad principles of the non-paper into specific firm commitments. Option 1 relies completely on the good faith of the Allies in living up to the spirit of the non-paper. The history of this issue is not encouraging in this respect. Option 4 requires new concessions from the Europeans before we will grandfather pre-December contracts, and would probably be contested by them, if not

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Declassify on: OADR

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NLS MD3-1340#4BY LAT, NARA, DATE 11/7/05

rejected. Option 2 occupies the middle ground on a U.S. response. You should understand that it will be difficult for the Commerce Department to administer, because of its complexity. Vigilant high-level attention will be required to ensure it does not degenerate into Option 1. The liberal "exceptions" policy of Option 2 can forfeit any future U.S. leverage and prejudge unfavorably the outcome of the study on oil and gas technology controls. Option 3 addresses these limitations directly by accelerating the study on multilateral oil and gas controls to replace the exceptions policy as quickly as possible.

The confused public handling of this issue in recent months argues strongly for a clear statement from you at this critical juncture. The cabinet must be informed that your statement and the White House-issued press guidance on these decisions will govern all public and private explanation of our policy. Poland remains at the center of this policy - the prolonged repression of the Poles has been the catalyst in the forging of an enduring, security-minded East-West economic policy.

RECOMMENDATION

That you select one of the four options modifying U.S. sanctions as the U.S. response to agreement on the non-paper.

- | <u>OK</u> | <u>NO</u> | |
|-----------|-----------|--|
| — | — | 1. Lift all oil and gas equipment and technology controls against the Soviet Union. |
| — | — | 2. Cancel June 22 measures, and resulting denial orders, while retaining December 29 controls, with broad "exceptions" criteria, including the grandfathering of pre-December contracts. |
| — | — | 3. Same as Option 2, with an NSDD which requires speedy agreement on multilateral controls on critical oil and gas equipment to replace the "exceptions" policy. |
| — | — | 4. Lift only June 22 measures; December sanctions would be maintained pending successful negotiation of multilateral controls on critical oil and gas equipment. |

Tab A Shultz/Baldrige memo

THE SECRETARY OF STATE

WASHINGTON

11/05/82 P2:41

November 5, 1982

~~SECRET/SENSITIVE~~

MEMORANDUM FOR: THE PRESIDENT

From: George P. Shultz ^{WS}
Malcolm Baldrige ^{MB}

Subject: Modification of the Sanctions

Assuming that an agreement can be reached with our European and Japanese allies sufficient to justify easing our sanctions, we should be prepared to modify the sanctions in such a way as to resolve our differences in a manner consistent with our long-term objectives in East-West trade.

We have looked at options for modifying the sanctions, including a complete rollback of both December and June controls on oil and gas equipment and technology, and several measures short of that. We believe a complete rollback would go too far. It would undercut our efforts to work out a multilateral system of controls on certain strategic equipment, including oil and gas items.

Accordingly, we favor an approach that would maintain pre-June controls on export and reexport of U.S.-origin oil and gas equipment and technology, but would address the European and Japanese concerns through exceptions to a general policy of denying such exports and reexports. Such an approach could be accomplished through amendments to Commerce Department regulations.

This strategy would involve lifting entirely the June controls on foreign subsidiaries and licensees and terminating enforcement measures stemming from the June and December controls. We would also lift the December order which suspended the licensing of all exports and reexports to the USSR. However, we would keep in place the requirement that licenses be sought for all goods and technology covered by December or earlier foreign policy and national security controls.

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DECL: OADR

DECLASSIFIED
NLRR MD3-134D#5
BY RW NARA DATE 7/7/10

We would then institute a general policy of denial for exports and reexports to the Soviet Union which are currently subject to a license requirement with the following exceptions:

-- export and reexport of U.S. oil and gas exploration, production, transmission, and refining equipment contracted for delivery by a U.S. supplier before the December controls were imposed (e.g., GE rotors, Caterpillar pipelayers, John Brown turbines);

-- export and reexport of oil and gas equipment and technology necessary for the Japanese firm SODECO to meet its obligations as supplier under the 1975 Sakhalin general agreement with the Soviets, with license applications to be examined on a case-by-case basis for particular future transactions;

-- export and reexport of non-COCOM technology not proposed for multilateral control by the U.S. (e.g., Fiat-Allis bulldozer manufacturing technology), and of non-sensitive products readily available from a competing foreign source (e.g., Caterpillar pipelayers are readily available whereas rotors and submersible pumps are not); and

-- carefully limited situations, on a case-by-case basis, where a further exception is justified under criteria to be established (e.g., the performance of service contracts for equipment exported or reexported to the USSR before December 29, 1981).

Such an approach, by removing the inflexibility of the suspension order and then instituting an appropriate licensing policy, would allow us to resolve the major problems of our European and Japanese allies, as well as those U.S. firms hardest hit by the retroactive effects of the sanctions. At the same time, we would avoid undercutting our efforts to obtain future multilateral controls on strategic oil and gas equipment and technology.

While in a technical sense we would retain a small measure of the retroactive and extraterritorial effects of the December controls, to which our allies would object in principle, we would have met their primary concerns on a practical level and would have put the world at large on notice of our intent to control future access to U.S. oil and gas equipment and technology by the Soviet Union.

Maintaining the licensing requirements would serve to diminish the risk of the modification of the controls being seen as a U.S. backdown on the issue. It would also retain an element of leverage useful in the process of negotiating future multilateral controls.

In explaining our actions, we would emphasize the importance of multilateral measures agreed to by our allies in place of those unilateral controls removed by our sanctions modification. Our action, coupled with allied agreement on a common East-West approach would increase, not diminish, the net burden on the Soviets.

We have discussed this with Secretary Regan who concurs in our recommendation. We seek your approval of the outlined approach in modifying the sanctions in the event we reach an agreement with our allies.

Approve _____

Disapprove _____

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NSC 00065 + 1/2)

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THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 60 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

NATIONAL SECURITY COUNCIL MEETING

Tuesday, November 9, 1982
5:15 p.m.

AGENDA

- 1. Introduction William P. Clark
- 2. Review of allied consultations on non-paper Secretary Shultz
- 3. Options William P. Clark
 - a. Lift all oil and gas equipment and technology controls against the Soviet Union.
 - b. Cancel June 22 amendment and resulting denial orders, while retaining December 29 controls with broad exceptions criteria, including the "grandfathering" of pre-December contracts.
 - c. Same as Option 2 but exception criteria would be temporary pending urgent implementation of multilateral controls on critical oil and gas equipment technology to replace December controls.
 - d. Cancel only June 22 amendment. December sanctions would be maintained pending successful negotiation of multilateral controls on critical oil and gas equipment and technology.
- 4. Discussions of options. Cabinet Members
- 5. Conclusion William P. Clark

~~SECRET~~

Declassify on: OADR

DECLASSIFIED

NLS M03-1340 #7

BY LET, NARA, DATE 11/7/05

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

November 9, 1982

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: MICHAEL O. WHEELER *MW*

SUBJECT: Attendance List for the National Security Council Meeting, November 9, 1982 *(U)*

The following officials plan to attend the National Security Council Meeting on Soviet Sanctions which is scheduled for November 9, 1982, at 5:15 p.m. in the Cabinet Room. *(U)*

The Vice President
Admiral Daniel J. Murphy

State:
Secretary George P. Shultz
plus one - [un-named] Wallis

OSD:
Secretary Caspar W. Weinberger
~~Dep Sec Frank C. Carlucci~~ *Dr. Fred Ikle*

Treasury:
Secretary Donald T. Regan
Mr. Marc E. Leland (Assistant Secretary for International Affairs)

Commerce:
Secretary Malcolm Baldrige
Lizel Olmer

OMB:
Mr. Joseph Wright (Deputy Director)
Dr. Alton Keel (Associate Director for National Security and International Affairs)

CIA:
Mr. John McMahon (Acting Director)

OPD:
Mr. Roger Porter (Deputy Assistant to the President - Mr. Harper will not be able to attend. (His mother passed away today.))

CEA:
Mr. William Niskanen (Staff Member - Dr. Feldstein is out of town.)

~~CONFIDENTIAL~~
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NLS M03-1340 #8
BY LOI NARA, DATE 11/7/05

~~CONFIDENTIAL~~
USUN:

~~Amb Jeane J. Kirkpatrick~~

NOT COMING AS OF 4PM
STILL IN N.Y.

USTR:

Amb William E. Brock

JCS:

General John W. Vessey, Jr.

White House:

Mr. Edwin Meese III
Mr. James A. Baker III
Mr. Michael K. Deaver
Judge William P. Clark
Mr. Richard G. Darman
Mr. Robert C. McFarlane
Admiral John M. Poindexter

NSC:

Colonel Michael O. Wheeler
Commander Dennis Blair
Mr. Roger Robinson

Approved _____ As Amended _____

Attached is a proposed seating plan for this meeting. (U)

~~CONFIDENTIAL~~

THE CABINET ROOM

Poindexter

Keel

Darman

Kirkpatrick

Baldrige

Shultz

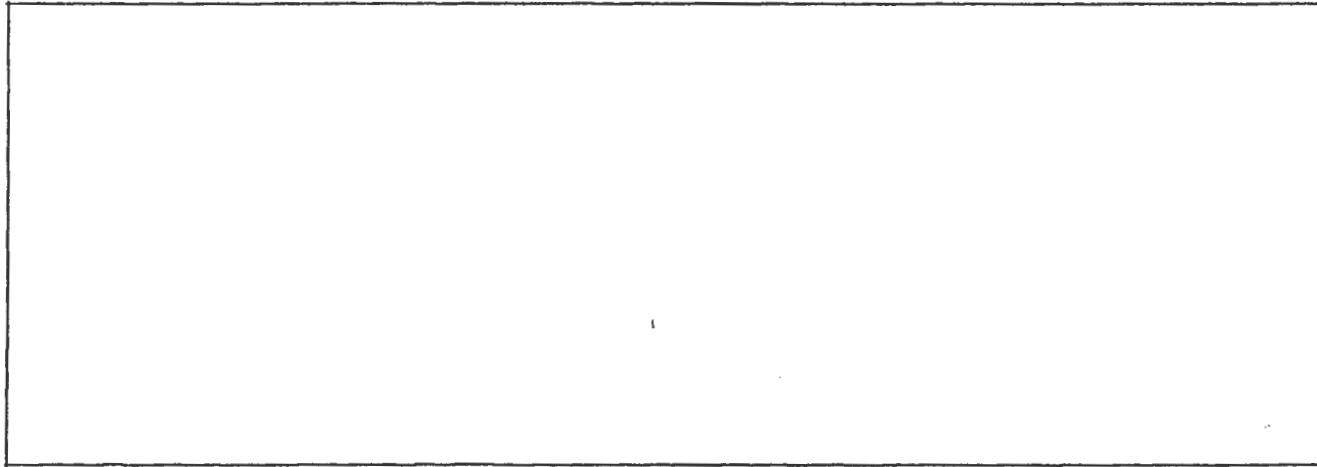
President Weinberger

Carlucci

Wright

Porter

Brock



Niskanen

Murphy

Vessey

McMahon

Clark

Vice President Regan

Meese

Baker

Deaver

Robinson

McFarlane

Blair

Leland

Wheeler

DOOR

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SYSTEM II
90889

~~SECRET~~

NATIONAL SECURITY COUNCIL MEETING

Tuesday, November 9, 1982
5:15 p.m.

AGENDA

1. Introduction William P. Clark
2. Review of allied consultations on non-paper Secretary Shultz
3. Options William P. Clark
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 - b. Cancel June 22 amendment and resulting denial orders, while retaining December 29 controls with broad exceptions criteria, including the "grandfathering" of pre-December contracts.
 - c. Same as Option 2 but exception criteria would be temporary pending urgent implementation of multilateral controls on critical oil and gas equipment technology to replace December controls.
 - d. Cancel only June 22 amendment. December sanctions would be maintained pending successful negotiation of multilateral controls on critical oil and gas equipment and technology.
4. Discussions of options. Cabinet Members
5. Conclusion William P. Clark

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Declassify on: OADR

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NLS M03-1340 #10

BY W01, NARA, DATE 11/7/05

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

November 9, 1982

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: NSC Meeting on November 9, 5:00 p.m., on
East-West Economic Relations

Issue

Now that we have reached agreement with the Allies on the non-paper, the issue before you is to select the appropriate U.S. response in terms of modifying our unilateral oil and gas controls.

Facts

The following options will be presented to you at the NSC meeting:

- Option 1: Lift all oil and gas equipment and technology sanctions against the Soviet Union. //
- Option 2: As recommended in attached memo from Secretaries Shultz and Baldrige, cancel the June 22 measures, and resulting denial orders; retain December 29 controls with broad "exceptions" criteria including grandfathering pre-December contracts. x //
- Option 3: "Toughen" the recommendations in the Shultz/Baldrige memo through an NSDD, requiring speedy agreement on multilateral controls on critical oil and gas equipment in the context of the study called for in the non-paper.
- Option 4: Lift only the June 22 measures pending the separate successful negotiation of multilateral controls on critical oil and gas equipment. x

Discussion

Your selection from these options depends on the approach you think will be most effective in translating the broad principles of the non-paper into specific firm commitments. Option 1 relies completely on the good faith of the Allies in living up to the spirit of the non-paper. The history of this issue is not encouraging in this respect. Option 4 requires new concessions from the Europeans before we will grandfather pre-December contracts, and would probably be contested by them, if not

~~SECRET~~
Declassify on: OADR

DECLASSIFIED
NLS MO3-1340 #11
BY WDS NARA, DATE 11/7/05

rejected. Option 2 occupies the middle ground on a U.S. response. You should understand that it will be difficult for the Commerce Department to administer, because of its complexity. Vigilant high-level attention will be required to ensure it does not degenerate into Option 1. The liberal "exceptions" policy of Option 2 can forfeit any future U.S. leverage and prejudge unfavorably the outcome of the study on oil and gas technology controls. Option 3 addresses these limitations directly by accelerating the study on multilateral oil and gas controls to replace the exceptions policy as quickly as possible.

The confused public handling of this issue in recent months argues strongly for a clear statement from you at this critical juncture. The cabinet must be informed that your statement and the White House-issued press guidance on these decisions will govern all public and private explanation of our policy. Poland remains at the center of this policy - the prolonged repression of the Poles has been the catalyst in the forging of an enduring, security-minded East-West economic policy.

RECOMMENDATION

That you select one of the four options modifying U.S. sanctions as the U.S. response to agreement on the non-paper.

- | <u>OK</u> | <u>NO</u> | |
|-----------|-----------|--|
| — | — | 1. Lift all oil and gas equipment and technology controls against the Soviet Union. |
| — | — | 2. Cancel June 22 measures, and resulting denial orders, while retaining December 29 controls, with broad "exceptions" criteria, including the grandfathering of pre-December contracts. |
| — | — | 3. Same as Option 2, with an NSDD which requires speedy agreement on multilateral controls on critical oil and gas equipment to replace the "exceptions" policy. |
| — | — | 4. Lift only June 22 measures; December sanctions would be maintained pending successful negotiation of multilateral controls on critical oil and gas equipment. |

Tab A Shultz/Baldrige memo

THE SECRETARY OF STATE
WASHINGTON

82 NOV 6 P 2: 41

November 5, 1982

~~SECRET/SENSITIVE~~

MEMORANDUM FOR: THE PRESIDENT

From: George P. Shultz *WPS*
Malcolm Baldrige *MB*

Subject: Modification of the Sanctions

Assuming that an agreement can be reached with our European and Japanese allies sufficient to justify easing our sanctions, we should be prepared to modify the sanctions in such a way as to resolve our differences in a manner consistent with our long-term objectives in East-West trade.

We have looked at options for modifying the sanctions, including a complete rollback of both December and June controls on oil and gas equipment and technology, and several measures short of that. We believe a complete rollback would go too far. It would undercut our efforts to work out a multilateral system of controls on certain strategic equipment, including oil and gas items.

Accordingly, we favor an approach that would maintain pre-June controls on export and reexport of U.S.-origin oil and gas equipment and technology, but would address the European and Japanese concerns through exceptions to a general policy of denying such exports and reexports. Such an approach could be accomplished through amendments to Commerce Department regulations.

This strategy would involve lifting entirely the June controls on foreign subsidiaries and licensees and terminating enforcement measures stemming from the June and December controls. We would also lift the December order which suspended the licensing of all exports and reexports to the USSR. However, we would keep in place the requirement that licenses be sought for all goods and technology covered by December or earlier foreign policy and national security controls.

DECLASSIFIED

~~SECRET/SENSITIVE~~
DECL: OADR

NLRR MD3-134D#12
BY RW NARA DATE 7/7/10

We would then institute a general policy of denial for exports and reexports to the Soviet Union which are currently subject to a license requirement with the following exceptions:

-- export and reexport of U.S. oil and gas exploration, production, transmission, and refining equipment contracted for delivery by a U.S. supplier before the December controls were imposed (e.g., GE rotors, Caterpillar pipelayers, John Brown turbines);

Controlled for foreign policy reasons

-- export and reexport of oil and gas equipment and technology necessary for the Japanese firm SODECO to meet its obligations as supplier under the 1975 Sakhalin general agreement with the Soviets, with license applications to be examined on a case-by-case basis for particular future transactions;

-- export and reexport of non-COCOM technology not proposed for multilateral control by the U.S. (e.g., Fiat-Allis bulldozer manufacturing technology), and of non-sensitive products readily available from a competing foreign source (e.g., Caterpillar pipelayers are readily available whereas rotors and submersible pumps are not); and

-- carefully limited situations, on a case-by-case basis, where a further exception is justified under criteria to be established (e.g., the performance of service contracts for equipment exported or reexported to the USSR before December 29, 1981).

Such an approach, by removing the inflexibility of the suspension order and then instituting an appropriate licensing policy, would allow us to resolve the major problems of our European and Japanese allies, as well as those U.S. firms hardest hit by the retroactive effects of the sanctions. At the same time, we would avoid undercutting our efforts to obtain future multilateral controls on strategic oil and gas equipment and technology.

While in a technical sense we would retain a small measure of the retroactive and extraterritorial effects of the December controls, to which our allies would object in principle, we would have met their primary concerns on a practical level and would have put the world at large on notice of our intent to control future access to U.S. oil and gas equipment and technology by the Soviet Union.

Maintaining the licensing requirements would serve to diminish the risk of the modification of the controls being seen as a U.S. backdown on the issue. It would also retain an element of leverage useful in the process of negotiating future multilateral controls.

In explaining our actions, we would emphasize the importance of multilateral measures agreed to by our allies in place of those unilateral controls removed by our sanctions modification. Our action, coupled with allied agreement on a common East-West approach would increase, not diminish, the net burden on the Soviets.

We have discussed this with Secretary Regan who concurs in our recommendation. We seek your approval of the outlined approach in modifying the sanctions in the event we reach an agreement with our allies.

Approve _____ Disapprove _____

A

MEMORANDUM

CHRON FILE

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

November 17, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: DENNIS E. BLAIR

SUBJECT: Minutes of 9 November NSC Meeting

Attached for your approval at Tab I are the Minutes of last week's NSC meeting on the East-West trade agreement. They have been checked by Roger Robinson and Mike Wheeler.

RECOMMENDATION

OK

NO

That you approve the attached Minutes as the final record of the NSC meeting on 9 November.

Attachment:

Tab I Minutes of NSC Meeting

DECLASSIFIED

NLS M03-1340 #13BY LDI, NARA, DATE 11/7/05~~CONFIDENTIAL~~

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nsc 65

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