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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name ~~MENAMARA, THOMAS E. FILES~~
Counterterrorism and Narcotics

Withdrawer

DLB 3/12/2008

File Folder IRAN I (08/10/1987-09/24/1987)

FOIA

F97-082-3

Box Number *92295 RA 2 Box 5*

WILLS, DAVID

23

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
52356	MEMO	BARRY KELLY TO FRANK CARLUCCI, RE: IRAN ...NEXT STEPS	4	8/10/1987	B1
52357	CABLE	#282124Z AUG 87	3	8/28/1987	B1
52364	CABLE	#042146Z SEP 87	1	9/4/1987	B1
52365	PAPER	PERSIAN GULF CONTINGENCY PLANNING - EXECUTIVE SUMMARY	2	ND	B1
52366	PAPER	PERSIAN GULF CONTINGENCY PLANNING	15	ND	B1
52367	PAPER	CRITERIA FOR EVALUATING....	2	ND	B1
52368	FORM	WASHFAX FORM	1	9/10/1987	B1
52369	PAPER	AGREED CONCLUSIONS ON IRAN	2	ND	B1
52370	MEMO	FRANK CARLUCCI TO THE PRESIDENT, RE: FOREIGN POLICY EXPORT CONTROLS	2	9/21/1987	B1

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

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FOIA

F97-082-3

Box Number 92299 RAC Box C

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
52371	MEMO	ROBERT DEAN TO FRANK CARLUCCI, RE: IMPLEMENTATION OF FOREIGN POLICY EXPORT CONTROLS ON SCUBA EQUIPMENT IN IRAN	2	9/11/1987	B1
52372	MEMO	BRUCE SIMON TO THE PRESIDENT, RE: FOREIGN POLICY CONTROL...	2	9/4/1987	B1
52373	MEMO	BILL COCKELL TO TED MCNAMARA, RE: REFLAGGED KUWAITI TANKERS	1	9/24/1987	B1
52374	LIST	U.S. FLAG VESSELS	1	9/21/1987	B1

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ROUTING

To	Name and Address	Date	Initials
1	GEN POWELL		
2	MR. CARLUCCI		
3	BARRY KELLY		
4	BOB OAKLEY		
5	BILL COCKELL		
6			

ACTION	FILE
APPROVAL	INFORMATION
COMMENT	PREPARE REPLY
CONCURRENCE	RECOMMENDATION
DIRECT REPLY	RETURN
DISPATCH	SIGNATURE

REMARKS:



~~TOP SECRET~~ *Chen*
~~FILE~~
~~CODEWORD~~

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52357	CABLE #282124Z AUG 87	3	8/28/1987	B1

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	<i>Document Description</i>	<i>pages</i>		<i>tions</i>
52364	CABLE	1	9/4/1987	B1
	#042146Z SEP 87			

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<i>Document Description</i>				
52365	PAPER	2	ND	B1
	PERSIAN GULF CONTINGENCY PLANNING - EXECUTIVE SUMMARY			

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	<i>Document Description</i>	<i>pages</i>		<i>tions</i>
52366	PAPER	15	ND	B1
	PERSIAN GULF CONTINGENCY PLANNING			

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52367	PAPER CRITERIA FOR EVALUATING....	2	ND	B1

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	<i>Document Description</i>	<i>pages</i>		<i>tions</i>
52368	FORM	1	9/10/1987	B1
	WASHFAX FORM			

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	<i>Document Description</i>	<i>pages</i>		<i>tions</i>
52369	PAPER	2	ND	B1
	AGREED CONCLUSIONS ON IRAN			

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NATIONAL SECURITY COUNCIL

September 15, 1987

MEMORANDUM FOR BARRY KELLY!
BOB OAKLEY

FROM: TED McNAMARA

SUBJECT: US/UK Iran Conclusions

Attached is for your information

349

J. Jan
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6503

Kelly, B

THE WHITE HOUSE

WASHINGTON
Presidential Determination
No. 87-20

September 23, 1987

Handwritten initials and scribbles

MEMORANDUM FOR THE SECRETARY OF COMMERCE

SUBJECT: New Foreign Policy Export Controls on Iran

Pursuant to Section 6(m) of the Export Administration Act of 1979, as amended (50 U.S.C. App. 2405(m)) (the "Act"), I hereby determine and certify that:

- a) The Iran/Iraq war, together with Iran's intransigent attitude against peaceful resolution of that conflict and Iran's on-going support of acts of international terrorism, have resulted in a breach of peace posing a serious and direct threat to the strategic interests of the United States. Hostile Iranian policies and actions directed against vessels of neutral nations in the Persian Gulf have heightened the seriousness of that threat;
- b) Iran has purchased a large shipment of U.S.-origin SCUBA gear in the United States;
- c) Available information indicates that this type of equipment will be diverted to military use by Iran in attacks on oil rigs and possibly shipping or in support of other terrorist or military actions;
- d) Prohibition of such shipments of equipment will be instrumental in remedying the direct threat posed by the use of this equipment against U.S. interests in the region and in our effort to persuade other potential sources of similar equipment to likewise prohibit its transfer to Iran; and
- e) This export control shall remain in effect only so long as Iranian hostile actions and policy continue to pose a direct threat to U.S. strategic interests in the region.

You are hereby authorized and directed to report to Congress this determination and the report required under Section 6(f) of the Act. Based on the above determination, I am exercising my power under Section 6(m) of the Act to extend foreign policy controls to cover exports or reexports of SCUBA gear to Iran that are either in performance of a contract or agreement entered into prior to the date of the report of the Secretary of Commerce of his intent to impose such control or that are under a validated license or other authorization issued under the Act.

This determination shall be published in the Federal Register.

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52370	MEMO FRANK CARLUCCI TO THE PRESIDENT, RE: FOREIGN POLICY EXPORT CONTROLS	2	9/21/1987	B1

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PROPOSED LETTER OF TRANSMITTAL

Dear Mr. President:

The President has determined that exports of SCUBA gear and related equipment to Iran pose a direct threat to U.S. flag ships and U.S. naval vessels as well as ships of other nations in the Persian Gulf and to oil facilities of friendly nations.

The President has directed that all necessary steps be initiated to halt all pending shipments and future shipments of SCUBA gear and related equipment to Iran under the authority of the Export Administration Act of 1979, as amended (50 U.S.C. App. 2401 et. seq.) (the Act). This action subjects SCUBA gear and related equipment to a validated license requirement on exports to Iran. Exports of such gear will not be licensed to Iran.

In response to the President's finding, the Department of Commerce, in consultation with the Department of State, has concluded a full analysis of the control consistent with the criteria in the Act. In accordance with Section 6(f) of the Act, I am submitting a full report on the purpose, effectiveness, and economic impact of the control. Further, the President has determined that the threat to U.S. interests posed by use of this equipment in the context of recent developments in the Persian Gulf warrants acting under Section 6(m) of the Act to extend this control to exports of reexports pursuant to prior contracts, or previous licenses, or other authorizations issued under the Act.

We have conducted consultations with the appropriate Congressional committees and have provided them with a copy of this report. The regulations implementing such action will be published in the Federal Register.

Sincerely,

Secretary of Commerce

Enclosure

The Honorable George Bush
President of the Senate
Washington, D.C. 20510

REPORT TO THE CONGRESS
FOREIGN POLICY EXPORT CONTROLS: IRAN
CONCLUSIONS ON CRITERIA & ALTERNATIVE MEANS

I. The Purpose of the Control:

Since 1984, pursuant to Section 6(j) of the Export Administration Act of 1979, as amended, (50 U.S.C. App. 2405(j)), (the Act), Iran has been designated a terrorist-supporting nation. Accordingly, the United States maintains anti-terrorism controls on exports to Iran of all aircraft and helicopters (and related parts and components), marine outboard engines with a horsepower of 45 or more, and national security controlled items destined to military end-users or for military end-uses.

The Iran-Iraq war, and Iran's intransigent attitude toward a peaceful resolution of that conflict, pose a serious and direct threat to the foreign policy and strategic interests of the United States. Recent hostile Iranian policies and actions in the Persian Gulf have increased that threat, and consequently foreign policy controls are being expanded to include scuba gear and related equipment, because of the equipment's utility in enhancing Iran's military capabilities. Information available indicates that Iran intends to use the equipment for military purposes hostile to U.S. interests. Scuba gear and related equipment can be used by frogmen undertaking attacks or placing mines directed against U.S. flag ships and naval vessels in the Gulf, and against ships or oil rigs of other friendly nations.

The new control will restrict the shipment of this U.S.-origin equipment whose use in the Gulf could pose a direct threat to U.S. interests. It will serve to distance the United States from Iran and its policies of support for acts directly aimed at U.S. strategic interests. By controlling exports of this equipment determined to be used for military purposes by Iran, the control will demonstrate the resolve of the United States not to provide support for the Iranian war effort.

II. With respect to each of the criteria set forth in Section 6(b) of the Act, the Secretary of Commerce has determined that:

- A. The control is likely to achieve the intended foreign policy purpose, in light of other factors, including the availability from other countries of the goods and technology proposed for such control.

The control will deny Iran access to U.S.-origin equipment of this type, and enable us to block an imminent shipment of equipment now being detained in Canada which information indicates would be used immediately to threaten U.S. interests in the Persian Gulf.

Equipment of this type is available from foreign sources. We have sought, and will continue to seek through Operation Staunch and other channels, the cooperation of other countries in cutting off the flow of militarily useful items to Iran. In light of Iran's new threats and acts of maritime sabotage, we are adding scuba gear and related equipment to the list of items we are asking other countries not to ship to Iran. The new U.S. control will aid these efforts by demonstrating our own resolve, as well as blocking an immediate shipment that poses a threat to U.S. interests.

The foreign policy purpose cannot be achieved through negotiations or other alternative means.

The control is the only means available to prohibit shipments to Iran of this type of U.S.-origin equipment. We continue to attempt, through the United Nations Security Council and through consultations with our allies, to ensure a peaceful resolution of the Iran-Iraq war. To date, Iran has been unwilling to accept a peaceful resolution of the conflict.

B. The control is compatible with the foreign policy objectives of the United States and with the overall U.S. policy toward Iran.

The control is consistent with overall U.S. policy toward Iran, including efforts in the United Nations to seek a peaceful resolution to the Iran-Iraq war. By controlling this source of items presumed destined for military use by Iran, we strengthen our efforts through Operation Staunch, and encourage our allies to do likewise.

The new control conforms with existing foreign policy controls on exports to Iran of items we have determined will make a significant contribution to the military potential of Iran. Due to the nature of this equipment and its likely use by the military in Iran, imposition of a foreign policy control on export to Iran provides a basis for blocking this shipment, thereby deterring a contribution to the military potential of Iran.

C. The reaction of other countries to the expansion of anti-terrorism controls by the United States is not likely to render the control ineffective in achieving the intended foreign policy purpose or to be counterproductive to U.S. foreign policy interests.

We believe it is unlikely that other countries will take any affirmative actions that would render the control ineffective, given the nature of the hostile Iranian actions that have given rise to the control. Particularly important in this context, is the fact that Iran's acts of maritime sabotage have an adverse impact on all maritime nations, and on nations importing crude oil from the Persian Gulf.

In addition, we have sought and will continue to seek the cooperation of other countries in stopping the flow of militarily useful items to Iran; we have achieved support for this policy. It is noteworthy that the Government of Canada has cooperated in restricting the imminent transshipment of this type of equipment to Iran.

In the past, other countries have objected to the extraterritorial reach of U.S. export controls. It is unlikely, however, that other nations will raise concerns over this new control, since it will add no significant extraterritorial reach, due to the control's limited scope.

- D. The effect of the control on the export performance of the United States, the competitive position of the United States in the international economy, the international reputation of the United States as a supplier of goods and technology, or on the economic well-being of individual U.S. companies and their employees and communities does not exceed the benefit to U.S. foreign policy objectives.

U.S.-Iran trade has decreased 87 percent in the past 11 years, resulting in relatively minimal economic links between the two nations. For this reason, it is not surprising, that Bureau of Census data are sparse on U.S. exports of scuba gear and related equipment to Iran. According to the 1982 Census of U.S. Manufacturers, there are 19 producers of scuba gear and related equipment in the United States. The only statistics available recording exports of scuba gear and related equipment, are data reporting exports of underwater breathing devices from 1982 to June 1987. The only year for which there reported exports to Iran of underwater breathing devices is 1986. For the other years for which statistics of exports of underwater breathing devices are available, exports to Iran were not recorded. Exports to Iran of underwater breathing devices in 1986 were valued at \$83,000.

U.S. exports of underwater breathing devices totalled \$11.3 million in 1986; this is an increase of 18 percent from the figure recorded in 1982. Forty-three percent of U.S. exports of underwater breathing devices in 1986 went to the Pacific Basin countries; Japan is the largest importing nation of U.S. underwater breathing devices, importing \$1.8 million worth of equipment in 1986.

Exports to the Middle East of underwater breathing devices represented only three percent of the total U.S. exports of such equipment in 1986; this regional market share of total U.S. exports constitutes a decrease of one percent from the share recorded in 1982.

With exports to the Middle East representing a minimal share of total U.S. exports of underwater breathing devices over the past five years, the economic impact of a control on exports to Iran of underwater breathing devices (and more generally, scuba gear and

related equipment) is, therefore, not considered to be significant. The foreign policy benefit of restricting Iranian access to U.S.-origin scuba gear and related equipment that could be used to pose a direct threat to U.S. interests, greatly exceed the economic cost that will be incurred by prohibiting these exports to Iran. Allowing Iran access to such U.S.-origin equipment likely to be used for military purposes would undermine U.S. foreign policy objectives in seeking a peaceful resolution to the Iran-Iraq war.

E. The United States has the ability to enforce the control effectively.

While enforcement of this control may be made difficult by the wide retail availability and relatively low price of these goods, public awareness of the control will likely contribute to the effective enforcement of the control. Widespread publicity of the control among all sectors of the U.S. public, increases the likelihood that all inquiries from Iran, and any shipments to Iran, would attract attention. Perhaps the best indication of the ability to enforce effectively this control, is that before the existence of this control, the Department received allegations of suspected diversions of scuba and diving equipment to Iran.

III. The nature, the subjects, and the results of, or the plans for:

A. Consultation with industry.

The Department consulted with industry representatives and a sample of scuba gear and related equipment manufacturers and distributors.

Given the fact that U.S. exports of scuba gear and related equipment to the Middle East represent less than five percent of total U.S. exports of such equipment, it was expected that industry comments would not be substantial.

Comments from the Executive Director of the Diving Equipment Manufacturers Association (DEMA) underscored the statistics presented in Part II (D). He stated that the majority of U.S. exports goes to the Pacific Basin--Australia, Japan, and New Zealand, with the second largest markets in the Caribbean and Europe. The Europeans, according to the industry association, are the leading competitor of the United States, although there were conflicting reports from industry contacts as to where the United States ranks in the worldwide market of scuba gear and related equipment manufacturers.

The level of U.S. exports of scuba gear and related equipment, according to the trade association, has remained constant over the past five years, representing about 20 percent of total U.S. sales. In contrast, DEMA reports, domestic sales of scuba gear and related equipment have increased markedly over the past five years.

DEMA is of the opinion that a control on all U.S. exports of scuba gear and related equipment would have a deleterious effect on the industry; however, the impact on the industry of a control on exports of such equipment to the Middle East would be insignificant, according to DEMA, and comments from other industry contacts.

Some of the industry contacts commented that while the United States designs equipment, much of the scuba gear and related equipment which is labeled "U.S." is manufactured offshore. One leading U.S. manufacturer of scuba gear and related equipment explains that "U.S. scuba and diving equipment operations are global now."

It is clear from consultations with industry, and corroborated by the trade data, that Iran is not a traditional market for exports of U.S. scuba gear and related equipment. Because the control on exports of such equipment is country specific, it is expected that the industry will not be significantly affected by our actions.

B. Consultation with other countries.

As a result of the Iran-Iraq war and the need to stop the flow of militarily useful items to Iran, we are engaged in ongoing consultations with our allies over the threat posed to U.S. interests. We are pursuing efforts in the United Nations to secure the cooperation of other countries to obtain a peaceful resolution of the Gulf conflict. Through Operation Staunch, we are seeking the cooperation of other countries in our effort to stop the flow of militarily useful items to Iran. We are notifying our COCOM partners and other industrialized producer nations of our intent to impose urgent new controls on scuba gear and related equipment, and urging them to consider imposing comparable measures.

IV. The nature and results of any alternative means attempted under Section 6(e) of the Act, or the reasons for expanding the controls without attempting any such alternative means:

We have engaged in efforts through the United Nations and other channels to obtain a peaceful resolution to the Iran-Iraq war that threatens U.S. strategic interests. We have specifically attempted, through Operation Staunch, to stop the flow of militarily useful items to Iran. In addition, to block the specific shipment of this scuba gear and related equipment currently detained in Canada, we have repeatedly attempted to persuade the exporter to voluntarily refrain from providing Iran such potentially threatening and militarily useful items.

To date, these efforts have not succeeded in either changing Iran's intransigent position with respect to the war, or in stopping the transfer of this equipment that would have direct military utility in Iran's war effort. Only the imposition of an export control would provide the legal authority to prohibit the export and reexport of U.S.-origin equipment of this type to Iran.

- V. The availability from other countries of goods and technology comparable to the goods or technology subject to the proposed export control, and describing the nature and results of the efforts made pursuant to Section 6(h) of the Act to secure the cooperation of foreign governments in controlling the foreign availability of such comparable goods or technology:

There are 283 foreign manufacturers of scuba gear and related equipment located in 25 countries. Eighty percent of the foreign sources of scuba gear and related equipment are located in Europe (the United Kingdom, West Germany, Norway, the Netherlands, and France), Canada, and Japan. U.K. manufacturers of scuba gear and related equipment produce 40 percent of the worldwide inventory. We are seeking the cooperation of these countries to similarly control their exports of such equipment.

Moreover, foreign availability does not negate the purpose to be served by controlling exports to Iran of scuba gear and related equipment. The control will serve to prohibit a particular shipment of concern, as well as distance the United States from Iran and its policies of support for acts directly aimed at U.S. strategic interests. The lack of any control on scuba gear and related equipment would likely undermine U.S. foreign policy objectives in seeking a peaceful resolution to the Iran-Iraq war.

- VI. The nature of how the expansion of the controls will further significantly the foreign policy of the United States or will further its declared international obligations:

It is the policy of the United States to oppose support for acts detrimental to U.S. strategic interests through public and international fora, and by taking specific actions. Such a policy can be demonstrated, inter alia, by restricting exports of U.S.-origin goods or technology that may contribute significantly to enhance the military potential of Iran. Expansion of existing foreign policy controls is, therefore, both an appropriate and effective means of achieving this policy in distancing the United States from Iranian policies of support for acts directly aimed at U.S. strategic interests in the Persian Gulf which threaten peace in the region. Absent this action, such equipment will likely be used in acts of maritime sabotage, thereby undermining U.S. foreign policy objectives in seeking a peaceful resolution to the Iran-Iraq war.

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<i>ID</i>	<i>Document Type</i>	<i>No of pages</i>	<i>Doc Date</i>	<i>Restrictions</i>
52371	MEMO	2	9/11/1987	B1
	ROBERT DEAN TO FRANK CARLUCCI, RE: IMPLEMENTATION OF FOREIGN POLICY EXPORT CONTROLS ON SCUBA EQUIPMENT IN IRAN			

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

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52372	MEMO BRUCE SIMON TO THE PRESIDENT, RE: FOREIGN POLICY CONTROL...	2	9/4/1987	B1

The above documents were not referred for declassification review at time of processing
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52373	MEMO	1	9/24/1987	B1
	BILL COCKELL TO TED MCNAMARA, RE: REFLAGGED KUWAITI TANKERS			

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	<i>Document Description</i>	<i>pages</i>		<i>tions</i>
52374	LIST	1	9/21/1987	B1
	U.S. FLAG VESSELS			

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