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WITHDRAWAL SHEET

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Collection Name DEGRAFFENREID, KENNETH: FILES

Withdrawer

CAS 9/1/2016

File Folder SOVIET POLICY 6/15/81

FOIA

F02-0083/01

Box Number 27

PRADOS

2734

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
179912	PAPERS	RE SOVIET GAS PIPELINE	8	6/4/1981	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]
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- 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.

NATIONAL SECURITY COUNCIL

6/15/81

Don Gregg

Per our conversation

These relate to the pipeline
and our general East
Policy

Classified Attachment

JJ - pls set
up Saint Patrick
Lille

MICROFILM REPRODUCTION

A HARD LINE ON SOVIET TRADE

Discounting an expected outcry from U.S. multinational corporations and skepticism from Western allies, the Reagan Administration is about to unveil a controversial U.S.-Soviet trade policy that will sharply tighten existing controls on U.S. exports to the Soviet Union. Now nearing final approval, the new policy would impose tough new limits on sales of significant military equipment, on "dual-use" items that can have potential military applications, and on critical technology in areas such as chemical processes, energy, and metallurgy.

Drawn up principally by hard-liners in the State Dept., the Defense Dept., and the National Security Council, the new doctrine would call on U.S. allies to gradually wind down dependence on Soviet trade and to join in what one high-ranking Administration official bluntly terms "economic warfare" against the Soviet Union.

A draft interagency paper outlining the trade policy is expected to come before President Reagan for approval by early July. So far, few Administration policymakers seem to be balking at the tougher stance. Commerce Secretary Malcolm Baldrige—unlike some of his predecessors who sought to loosen restrictions on trade with the Soviets—agrees with the basic thrust of the new policy. And Assistant Secretary of State for European Affairs Lawrence S. Eagleburger is already briefing European allies.

"Some American companies will scream," acknowledges one Reagan aide, "but only about two dozen companies have any significant trade with the Russians." Adds this official: "We expect support from most companies, except from Heroes of Soviet Labor like [Occidental Petroleum Corp. Chairman] Armand Hammer."

As for the Europeans, the Administration expects no moves to mirror the radical U.S. policy line in the short run. "We recognize that weakened European governments can't break off dependence on the Soviet Union all at once," says one official. "They'll be unhappy and will resist. But we want them to put a cap on Soviet trade and gradually to turn the screw. They may ultimately come around."

Privately, some veteran foreign policy

observers doubt this confident view. To the skeptics, Reagan's removal of the Soviet grain embargo and the Administration's unseemly rush to nail down another U.S.-Soviet grain agreement somehow don't jibe with the new tough talk on trade. Adds another doubter, an Administration trade official: "The Europeans will never buy economic warfare. Reagan will be left with rhetoric."

CAN LABOR RECAPTURE ITS POLITICAL CLOUT?

Faced with President Reagan's conservative juggernaut and their own eroding power in Congress, unions are regrouping to regain their lost political clout. Some of the biggest, including the International Brotherhood of Teamsters, are putting aside past differences to join in coalitions with the AFL-CIO. Others are beefing up their lobbying efforts by turning to outside political consultants to raise cash and help them organize at the grass roots.

By the end of the month, the United Auto Workers will make final plans to reaffiliate with the AFL-CIO. The American Federation of State, County & Municipal Employees, which for years shunned the AFL-CIO's Public Employee Dept. as ineffective, is set to rejoin the department this summer.

Even the Teamsters union, which recently opted against reaffiliation, increasingly finds itself lobbying alongside AFL-CIO operatives against expected Administration moves to weaken worker safety rules, the Davis-Bacon Act, and other labor laws. The Teamsters are also likely to band together with AFL-CIO building trades and service unions to fight a drive by GOP conservatives that seeks to make picket-line violence a federal crime.

Aside from closing ranks on legislative issues, more and more unions are calling on outside political strategists for help. For instance, political consultant Victor Kamber now represents food and commercial workers, AFSCME, and many building trades, and may soon take on projects for the Teamsters. This summer, Kamber will link up with departing AFL-CIO official Allen Zack and Democratic consultant Matt Reese in another effort to help union clients improve grass-roots lobbying and fund-raising techniques.

Capital wrapup

REGULATION: Health & Human Services Secretary Richard S. Schweiker plans to speed lagging U.S. approvals of new pharmaceuticals. Schweiker may direct the Food & Drug Administration to allow drug companies to submit foreign test data along with domestic clinical studies in some phases of drug testing. . . . Environmental Protection Agency Administrator Anne M. Gorsuch is growing testy over reports that Interior Secretary James G. Watt is playing the dominant role in drafting Clean Air Act amendments. Says Gorsuch: "I have been assured by the President that I will be playing a major role in developing the amendments and will chair the Clean Air working group in all future meetings."

NUTRITION: The Federal Trade Commission, which recently backed off from plans to require that food advertisements making health claims be accompanied by nutritional information, has persuaded industry and consumer groups to create a voluntary organization to provide shoppers with nutrition data. Representatives from General Foods, Quaker Oats, ITT Continental Baking, and Safeway Stores are in on the planning for the organization, which would turn out both advertising and educational materials. Corporations will foot most of the bill for the effort, but consumer groups and government agencies plan to contribute staff support.

CAMPAIGN FINANCE: The Federal Election Commission says that cash-rich political action committees (PACs) are free to use their campaign treasuries for investment purposes. In a recent decision, the FEC told officials of the Louisiana State Medical Society PAC that the committee could legally invest money from the PAC political and administrative accounts in a money market fund so long as dividends were returned to the two accounts on a proportionate basis.

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MEMORANDUM

NATIONAL SECURITY COUNCIL

77

INFORMATION

June 4, 1981

→ Lenz

MEMORANDUM FOR:

RICHARD V. ALLEN

FROM:

ALLEN J. LENZ *ajl*

SUBJECT:

State Cable 6360 to Tokyo re Sale of Japanese Pipelayers to the USSR

I have heard that your memo to Haig on the Pipeline is stirring some activity at the State Department.

The attached cable is either part of that activity, or perhaps a result of some conversation you may have had with Haig. Has he responded informally in any way?

not yet

Note the final paragraph of the outgoing cable, which refers to the likelihood of a senior level meeting on the Caterpillar license application in the near future.

Attachment

Tab A - State Cable 6360

- cc: Pipes
- Nau
- Stearman
- Bailey
- Schweitzer

DECLASSIFIED

Authority *NSC Waiver*
BY *CH* NARA DATE *9/1/16*

~~CONFIDENTIAL~~

6

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Department of State

INCOMING
TELEGRAM

PAGE 01
ACTION EA-12

TOKYO 10397 050844Z

1604

INFO	OCT-01	ADS-00	AID-07	INR-10	EUR-12	SS-15	CIAE-00
	EB-08	ICA-11	DODE-00	H-01	NSC-05	NSAE-00	COME-00
	L-03	DOE-10	TRSE-00	PM-09	INT-05	OPIC-07	PA-01
	CEA-01	OMB-01	STR-10	SMS-01	SAL-01	XMB-02	OES-09
	ACDA-12	SP-02	SPRS-02	/158 W			

-----141455 050909Z /13

R 050846Z JUN 81
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 0085
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY ROME

~~CONFIDENTIAL~~ TOKYO 10397

E.O. 12065: GDS
TAGS: EEWT, ETRD, JA, UR
SUBJECT: SALE OF JAPANESE PIPE TO USSR

REF: (A) STATE 142568, (B) TOKYO 10284

1. (C) ENTIRE TEXT.

2. WE MADE THE PRESENTATION IN PARAGRAPH 2 OF REFTEL A TO TOSHIYUKI TAKANO, DEPUTY DIRECTOR OF THE FOREIGN MINISTRY'S SOVIET DIVISION ON JUNE 4. TAKANO NOTED THE POINTS AND RECALLED THAT DURING THEN FOREIGN MINISTER ITO'S VISIT TO WASHINGTON, SECRETARY HAIG HAD EMPHASIZED TO HIM THE NEED TO EXERCISE RESTRAINT IN ECONOMIC RELATIONS WITH THE SOVIET UNION UNTIL AFTER THE OTTAWA SUMMIT. AS REPORTED IN REFTEL B, TAKANO SAID THAT THE JAPANESE GOVERNMENT'S POLICY ON ECONOMIC RELATIONS WITH THE SOVIET UNION REMAINS UNCHANGED.

3. TAKANO SAID THAT THE EXIM BANK'S FINANCING OF THE URENGOI-POMARI PIPELINE WOULD BE WITHIN THE OECD GUIDELINES BUT THAT HE DID NOT KNOW WHAT THE RATE WOULD BE. SOVIET DEPUTY FOREIGN TRADE MINISTER IVANOV WILL ARRIVE IN TOKYO JUNE 9 FOR NEGOTIATIONS ON THE CREDIT TERMS FOR THE URENGOI-POMARI PIPELINE PROJECT. AS REPORTED PREVIOUSLY THE AMOUNT OF PIPE TO BE SUPPLIED, ACCORDING TO TAKANO, WILL BE 750,000 TONS WORTH \$400 TO \$500 MILLION. WE BELIEVE THE JOURNAL OF COMMERCE REPORT MENTIONED IN REFTEL MIXED THE YAMAL AND THE URENGOI-POMARI PROJECTS. THREE BILLION DOLLARS IS FAR TOO HIGH A PRICE FOR 750,000 TONS OF PIPE.

4. TAKANO SAID THAT THE JAPANESE GOVERNMENT ALSO HAD RUMORS THAT THE YAMAL PIPELINE WILL BE SCALED DOWN BUT IT HAD NOT HAD ANY DETAILS. THE SOVIETS HAVE MAINTAINED IN THEIR DISCUSSIONS WITH THE JAPANESE GOVERNMENT AND THE JAPANESE EXIM BANK THAT THE URENGOI-POMARI PIPELINE IS SEPARATE FROM THE YAMAL PROJECT.

5. IT TURNS OUT THAT THE WESTERN TERMINUS OF THE PIPELINE IS POMARI, REPEAT POMARI, NOT POMALI. WE HAVE NOT BEEN ABLE TO FIND POMARI IN THE EMBASSY'S ATLASES, BUT TAKANO SHOWED US A HAND DRAWN MAP WHICH HAD POMARI EAST OF GORKY AND SOUTH OF KIROV.

MANSFIELD

Send to Secy

DECLASSIFIED

Authority

State approp
9/1/86

BY CN NARA DATE

~~CONFIDENTIAL~~