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(c) Issue: Whether the USG should remove restrictions on the export of domestic crude oil.

Discussion: Removing export restrictions will bring foreign policy benefits in terms of lowering Japanese and Korean oil import bills and reducing their dependence on OPEC oil suppliers as well as sizeable tax revenues to the US from excess profit taxes. Countering these economic and foreign policy arguments are the concerns of the maritime industry over loss of tankers and jobs now sustained by export restrictions, and DoD's concerns over availability of tankers for military readiness.

Action: After informal discussions with tanker owners and maritime union representatives, as well as coordination with JCS, SecNav and CNO, DoD continues to favor removal of oil export restrictions but only if the appropriate number of tankers required to support JCS plans is placed in the National Defense Reserve Fleet. The Interagency Working Group will be finalizing options and recommendations for a forthcoming Cabinet Council decision on this matter.

(c) Issue: How far should the US go to push the sale of the M-1 tank to Switzerland through offering coproduction and offsets?

Discussion: Switzerland is considering buying either the US M-1 or FRG Leopard II tank. In addition to the usual price-quality-schedule factors of competition, the Swiss are looking for coproduction on the tank and sales to the selling countries.

Action: Policy and R&E are preparing negotiating guidelines for the Army's MG Sheridan, who will be negotiating with the Swiss in late October or early November.

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