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THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

August 28, 1981

#42

SR 09131



DECLASSIFIED IN FULL

Authority: EO 13526

Chief, Records & Declass Div, WHS

Date: FEB 12 2018

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Oil and Gas Equipment and Technology for the USSR

(S) I write to urge you to act to put oil and gas equipment and technology for the Soviet Union under national security controls. Option I in your decision paper, which I support, is necessary in order to implement faithfully your decision on the West Siberian pipeline. Without Option I, or as a fallback Option II, there will be substantial leakage of equipment and technology from other projects to the West Siberian pipeline which you oppose. In addition, this measure is essential if we are to have any hope of persuading our allies to stop the West Siberian natural gas pipeline to Europe. It will force the Soviet Union to divert scarce resources from the military to the civilian sector, thus slowing the Soviet military build-up. This can only help us preserve the balance of power both in Europe and the Middle East.

(S) Option IV in your Statement of Options paper is no more than a continuation of the policy of the Carter administration. Despite the impression that it entails controls on energy production exports, Option IV would leave beyond Government control virtually all the equipment the Soviets want for oil exploration and development. Its almost certain consequence would be to propel the Soviets into a lead position as a supplier of natural gas to Europe and it will provide many tens of billions of dollars annually to fuel the continuing growth of Soviet military power.

(S) Your support for Option I -- placing oil and gas equipment and technology under national security controls, and rapidly implementing a vigorous diplomatic effort to bring our considerable leverage to bear, would give us a fighting chance of halting the pipeline or slowing and/or diminishing its adverse consequences.

(S) With the bad wheat harvest now projected in the USSR we have an opportunity to press them hard to slow their military build-up. Our actions should be coordinated to achieve this goal, which is vital to American and allied security.

~~CONFIDENTIAL~~

Frank C. Carlucci
FRANK C. CARLUCCI
Deputy Secretary of Defense

28 Aug 81

Classified by ~~1B13P~~
Review on 20 August 1987

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See Def Cont. No. 15929

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OFFICE OF THE SECRETARY OF DEFENSE

28 Aug 1981

Memo For The Secretary of Defense

The President is about to make an important decision on oil and gas equipment controls for the Soviet Union. Both State Department and Commerce are supporting the continuation of the weak Carter Administration policy. Also, the President will not be told this by the NSC. SecState is also sending the President a separate letter to counteract his action. I suggest that you sign the attached Memorandum to the President on the subject.

Richard
Richard Perle
ASD/ISP

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DEP. SEC HAS SEEN

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