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THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

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DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: FEB 12 2018

14 JUL 1981

MEMORANDUM FOR THE PRESIDENT

SUBJECT: NSC Staff Options Paper on West Siberian Pipeline (U)

(S) The National Security Council staff has prepared a most useful and imaginative options paper on US policy on the proposed West Siberian pipeline. I believe that with the addition of one critical point and some slight clarification the NSC paper could bring us close to a policy consensus on the development of Soviet oil and gas resources in general, and the proposed natural gas pipeline from the USSR to Western Europe, in particular.

(S) The NSC staff paper clearly identifies the adverse impact the pipeline will have on US and allied security. Massive hard currency earnings by the USSR will enhance the Soviet Union's military capability -- and economic/political influence -- at the expense of the US and our Western Allies. It will enlarge our already heavy defense burden.

(S) The critical issue for decision is how to implement a policy leading to abandonment by the Europeans of the pipeline (and, in consequence, a reorientation of European energy policies away from increasing dependence on the East).

(S) It is essential, in my judgment, that your leadership of our Allies be continued by your direction that:
(1) The United States opposes, and will endeavor to persuade others to oppose, the West Siberian pipeline project (and others like it), because it would seriously undermine the political, economic, and military basis upon which US and Allied security rests; (2) therefore, oil and gas end-use equipment and technology of United States manufacture will henceforth be placed under national security controls; (3) you establish an NSC staff-led interagency task force to coordinate in the preparation of a strategy aimed at a prompt approach to those few Allies who may be in a position to export equipment for the pipeline with a view to securing their cooperation; (4) the task force further coordinate the development of a program on alternative sources of energy (including coal and nuclear power) to meet European energy needs.

(S) I believe that the program outlined above is fully consistent with the policy recommendations developed by the NSC staff. The proposal outlined above encompasses the NSC staff proposal which could easily be elaborated to incorporate these recommendations.

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(S) In our discussions with our Allies we should focus attention on the security threat posed by the pipeline, ways of preventing further increases in Soviet economic and political leverage over Western Europe, and the potential alternatives to Soviet energy for the Europeans. We should convey clearly to our Allies that our opposition to the pipeline is fundamental and based on strategic considerations that cannot be accommodated by more changes in the details of the pipeline or its financing.

(S) Without a clear and decisive statement of our policy, our diplomatic strategy and consultative efforts will trail off into confusion and ineffectiveness. Above all, we should avoid being drawn into discussions of the so-called safety net as a remedy for the Europeans. The Carter administration formulated the "safety net" to avoid confronting the Europeans and as a rationale to permit the pipeline to be built. Not only did that policy fail; under the most optimistic circumstances it could not have affected the inevitable political consequences of large-scale Soviet trade with Europe, and especially the impact on European business and labor of increasing dependence on the Soviet market. The program we are developing will, I believe, be credible to our Allies and will succeed.



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POLICY

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THE UNDER SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

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OFFICE OF THE
SECRETARY OF DEFENSE

14 JUL 1981

In reply refer to:
I-20248/81

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Memorandum for the President on West Siberian Pipeline (U)
ACTION MEMORANDUM

(S) The National Security Council staff has prepared a "consensus" options paper on US policy on the West Siberian pipeline. We have discussed the paper with the NSC staff and believe that with some modifications the paper can serve to help drive the final decision on US policy on the proposed pipeline project. The memorandum we have prepared for your signature (next under) outlines the key points for the President and would parallel a letter the President has received from Secretary Baldrige and may receive from Secretary Haig. We can expect that your ideas will be reflected in the NSC staff options paper.

(S) The key issue for the Department of Defense is to have the export of end-use equipment for the proposed pipeline put under national security controls, and to move to get those Allies who produce similar equipment to halt exports. Placing end-use equipment under national security controls gives you special responsibility under the 1979 Export Administration Act. It conveys to our Allies our intent to try and stop the pipeline project and lends credibility to our effort.

(U) Recommendation: That you sign the proposed memorandum to the President on the NSC staff options paper concerning the West Siberian pipeline.

Fred Ikle
Fred Ikle

Attachment 1
a/s

Office of the Secretary of Defense
Chief, RDD, ESD, WHS
Date: 12 FEB 2018 Authority: EO 13526
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Declassify in Part: _____
Reason: _____
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