



INTERNATIONAL SECURITY POLICY

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ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

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OFFICE OF THE  
SECRETARY OF DEFENSE

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MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

SUBJECT: Status Report on Administration Policy on East-West Trade

The Administration is presently working on four major policy papers concerning East-West Trade. The emphasis is on tightening controls on high technology exports, but there is no agreement yet on energy-related trade.

There are (1) Policy Options Paper: Allied Security Controls on Exports to the USSR; (2) Controls on Export to the USSR of Oil and Gas Equipment and Technology, (3) East-West Trade: A Prudent Approach; and (4) Policy Options on West Siberian Pipeline Proposal.

Each of these papers is being coordinated among State, Commerce, DOD, Energy, and NSC Staff.

On the general options paper prepared on East-West Trade, we are generally satisfied that the paper promotes a tightening of export controls, particularly toward the USSR. It adds a much stronger understanding of the national security component in East-West Trade. DOD has made some staff level recommendations and will make more to further strengthen this paper.

We are deeply concerned with the USSR Oil and Gas paper, and the related West Siberian Pipeline paper. On the latter, we believe it is weak in assessing the national security implications of West European dependence on Soviet oil and gas; we are especially concerned about the crisis management implications of European dependence on the Soviet Union and, particularly, on the impact in the growth of the Soviet industrial base, promoted by heavy hard currency earnings realized by greater sales of oil and gas. On the former paper, we believe that the USG ought not formulate policy finally on these matters until a proper net assessment is made.

Because oil and gas exploration and extraction equipment has been under US controls (not CoCom) for "foreign policy reasons" and not for "national security" reasons, little realistic efforts have been made here or with our Allies to get at these issues.

We think it ill-advised to go ahead on major energy-related deals with the USSR (as, for example, the Caterpillar pipelayers or the West Siberian Pipeline) until we can agree on exactly what this means to the security of the United States and the Alliance. We are going to ask at a forthcoming East-West Economic Relations IG that the policy paper train be held up so that we can do a proper job of net assessment.

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