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July 31, 1957

TO: The Chairman
Executive Committee of EDAC

FROM: The Chairman
EDAC Working Group III

SUBJECT: Proposal to obtain NATO consideration of economic security problems (para. 16, NSC 5704/1)

Problem

To develop a position on the JCS proposal for introducing the trade control question into the North Atlantic Council "to insure that the strategic and security aspects of this vital western cold war instrument are accorded proper emphasis vis-a-vis economic and commercial considerations."

Discussion

Inquiries were addressed to [REDACTED] Embassies London and Tokyo soliciting their views as to the feasibility of asking NATO for a review of the trade control question.

Replies received from all three sources do not support an approach to NATO now with this problem on the terms as stated above. All the replies express doubt that other PC's would favor the proposal. This doubt is based on the belief that the other PC's would look upon this as a U.S. maneuver to achieve overall tightening of controls.

The State member of WG III prepared a report summarizing the replies and recommending against a NATO review of the trade controls now. The State draft did, however, suggest that no decision need now be taken on the question of holding a NATO review at some future date. Copy of this report is attached. (Attachment 1)

The Defense member could not concur in this report and submitted a Defense statement of view (copy attached) which requests that the U.S. ask the North Atlantic Council in its political and economic reports to include comment on the security trade control system and to make these reports available to the Consultative Group. A further element of the Defense position not stated in this paper is that this approach should be made as quickly as possible. (See Attachment 2)

WG III discussion of this problem brought out the following considerations: (1) That the Defense Department is not requesting a NATO special study of strategic trade controls; (2) That the State Department regards the possibility of introducing a question with respect to the security trade control system now into NATO as adding another possibly divisive element into a situation which is already delicate because of the recent Suez crisis and the British reduction of forces; (3) That the Defense objective of reemphasizing security and strategic aspects of trade controls as contrasted with the economic and commercial considerations which are gaining ascendancy in COCOM deliberations

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should properly be undertaken in the CG structure; (4) That it would appear reasonable to direct a request to the North Atlantic Council which asks that Council to make economic portions of its normal and regular reports as useful as possible to the trade control system and, where appropriate, to make those reports, or useful extracts, available to the Consultative Group for its policy guidance; (5) That the action in (4) above would not result in making a problem for Japan because it would participate as an equal partner in any CG deliberation on the use of NAC guidance.

Recommendation

The Chairman of the EDAC Working Group III recommends:

- 1) That the U.S. draw the international security trade control (CG) structure to the attention of the NAC and ask that in its reporting activities, NAC bear in mind the possible pertinence of trade control matters to subjects treated in its reports, and that the whole or parts of any reports which do deal with such matters be made available, in cases when this is considered feasible by NAC, to the CG for guidance.
- 2) That NATO not be asked to make any special review of the trade control question at this time.

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