

SECRET

Executive Registry
82-13102 #7 D

THE WHITE HOUSE
WASHINGTON

System II
90920

UNCLASSIFIED
with SECRET ATTACHMENT

November 16, 1982

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF COMMERCE
THE SECRETARY OF ENERGY
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE UNITED STATES REPRESENTATIVE TO THE
UNITED NATIONS
THE UNITED STATES TRADE REPRESENTATIVE
THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: East-West Economic Relations and Poland-related
Sanctions (U)

The President has approved the attached National Security
Decision Directive on East-West Economic Relations and Poland-
related sanctions. (U)

FOR THE PRESIDENT:


William P. Clark

Attachment
NSDD 66

UNCLASSIFIED
with SECRET ATTACHMENT

cy 10 of 13 copies
CIA

NSC review completed.

SECRET

SECRETSYSTEM II
90920SECRET

THE WHITE HOUSE

WASHINGTON

November 16, 1982 *OK*NATIONAL SECURITY DECISION
DIRECTIVE NUMBER 66EAST-WEST ECONOMIC RELATIONS AND POLAND-RELATED SANCTIONS (U)

I have reviewed the "Summary of Conclusions" of the consultations with our Allies conducted by Secretary Shultz. This framework agreement establishes the security-minded principles that will govern East-West economic relations for the remainder of this decade and beyond. In putting these principles into practice, the Allies have committed to immediate actions on the key elements of East-West trade including: Agreement not to sign or approve any new contracts for the purchase of Soviet gas during the urgent study on Western energy alternatives; agreement to strengthen the effectiveness of controls on high technology transfer to the USSR, including examination of the necessity of multilateral controls on critical oil and gas equipment and technology; and agreement to harmonize export credit policies. I expect that firm allied commitments will emerge from the studies in each of these major categories in the next few months and that the resulting common policies can be reviewed publicly at the time of the Williamsburg Economic Summit presently scheduled for May 1983. The principal objectives of the United States during these studies are as follows: (S)

1. An agreement that countries participating in the agreement will not commit to any incremental deliveries of Soviet gas beyond the amounts presently contracted for from the first strand of the Siberian pipeline; not commit themselves to significant incremental deliveries through already existing pipeline capacity; and participate in the accelerated development of alternative Western energy resources, principally Norwegian gas reserves. To accomplish this objective, the U.S. should undertake intensive work with our Allies bilaterally and within the IEA/OECD to encourage development of these Western alternatives and to ensure that adequate safety net measures are adopted to protect against a shutoff of Soviet gas. (S)

2. An agreement to add critical technologies and equipment to the COCOM list, harmonize national licensing procedures for COCOM, and substantially improve the coordination and effectiveness of international enforcement efforts. (S)

3. A quick agreement that allied security interests require controls on advanced technology and equipment beyond the expanded

SECRET

DECLASSIFY ON: OADR

cv 10 of 13 copies

SECRETSECRET

COCOM list, including equipment in the oil and gas sector; development of a list of equipment in this category and an effective procedure, creating if necessary a new multilateral body, to control its transfer to the Soviet Union. (S)

4. An agreement that builds on the recent OECD agreement substantially raising interest rates to the USSR to achieve further restraints on officially-backed credits such as higher downpayments, shortened maturities and an established framework to monitor this process. (S)

Preparations within the U.S. Government

The Senior Interagency Group for International Economic Policy (SIG-IEP) will be responsible for the attainment of U.S. objectives in the context of the work program and studies called for in the "Summary of Conclusions." To this end, the SIG-IEP will develop instructions for U.S. participation in individual studies for approval by the President and will report to the President periodically through the Assistant to the President for National Security Affairs the progress of the studies in attaining the objectives listed above in the time-frame specified. (C)

Separate Interagency Groups will be established for each of the four principal categories of U.S. concern. The SIG-IEP will nominate chairmen of these groups for approval by the Assistant to the President for National Security Affairs. The U.S. delegations participating in the allied studies will include high-level participants from appropriate agencies and be led jointly by State and the NSC staff. (C)

Poland-related Sanctions

On the expectation of firm allied commitments in these four areas reflecting U.S. objectives emerging from the work program agreed to in the "Summary of Conclusions," I approved the cancellation of the December 30 sanctions on oil and gas equipment and technology to the Soviet Union and the June 22 amendment extending these controls to U.S. subsidiaries and licensees abroad. In addition, I have approved the resumption of case-by-case licensing for commodities under national security controls. Sanctions imposed against the USSR following the invasion of Afghanistan remain in effect, including a presumption of denial for exports of oil and gas technology for manufacturing equipment used for exploration and production. This decision was taken because we believe that the framework agreement represented by the "Summary of Conclusions" on an enduring and unified approach to East-West

SECRETcy 10 of 13 copies**SECRET**

CIA

~~SECRET~~

SECRET

economic relations in a security context represents stronger and more effective measures to advance reconciliation in Poland and addresses our vital long-term strategic and security objectives toward the USSR. (S)

Ronald Reagan

SECRET

cy 10 of 13 copies

CIA

~~SECRET~~