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The Director of Central Intelligence

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MEMORANDUM FOR: The Honorable Frank C. Carlucci  
Deputy Secretary of Defense

SUBJECT : Western Alternatives to Soviet Natural Gas:  
Prospects and Implications (U)

REFERENCE : Your Memorandum of 16 June 1982

1. Thank you for your thoughtful comments on and continued interest in the extremely important subject of Western European energy security.

2. As you will recall, the SNIE to which you refer foresees a growth in Western European natural gas requirements of about 500,000 barrels a day oil equivalents (b/doe) in the 1980s and a similar amount in the 1990s. The Soviet-West European pipeline project was intended to meet that requirement. Now that the US has made known its continued and active opposition to the project, coming up with a rational alternative becomes even more important. Those Europeans who have opposed increased dependency on the USSR for energy will probably play an important role in this search.

3. The questions you raise, therefore, are right on the mark; although we have done good work on this issue, a great deal more needs to be done. Indeed, we have been asking ourselves some of the same questions and will address them in the two forthcoming DDI studies on the political and economic factors affecting the prospects for the development of (1) Northern Sea gas and (2) Dutch gas. We are also doing a similar study on Middle Eastern and African gas. These studies should be completed by mid-July.

4. In addition, we are monitoring quite carefully the reactions in Europe to the recent US decision on sanctions. Those reactions may help us to discover hidden constituencies which would be willing to take an active role in opposing increased European dependency on Soviet energy.

/s/ William J. Casey

William J. Casey

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