

S/S 8322153



DEPARTMENT OF STATE

Washington, D.C. 20520

July 19, 1983

~~UNCLASSIFIED~~
(with ~~CONFIDENTIAL~~ attachment)

MEMORANDUM FOR MR. DAVID E. PICKFORD
DEPARTMENT OF THE TREASURY

SUBJECT: SIG-IEP Review of Public Information Strategy
for East-West Economic Work Program

Attached is a Public Information Strategy highlighting the results of the East-West Economic Work Program. Under Secretary Wallis, in his capacity as Coordinator of the East-West Economic Work Program, has asked that this document be reviewed by the SIG-IEP and then transmitted to the Special Planning Group (SPG) for consideration as part of their public diplomacy effort.

Attachment:

As stated.

Covey

Charles Hill
Executive Secretary

~~UNCLASSIFIED~~

CONFIDENTIAL

July 19, 1983

**Public Information Strategy for Highlighting
Results of East-West Economic Work Program**

Introduction

With the completion of the first phase of the East-West economics work program initiated last Fall, it is useful to pull together and document the results accomplished by this process. This paper is designed to serve as a resource document, with agreed-upon substantive themes, for public presentation of the results and contributions of the study and work programs, including speeches, articles, interviews, etc. The attached tabs present the unclassified source documents from which the themes below were taken.

Objectives

- Provide background on the overall reorientation (late 1970s - present) of Western policies toward East-West economic relations
- Describe the circumstances surrounding the imposition of expanded sanctions relating to the Soviet natural gas pipeline as well as the lifting of those sanctions.
- Highlight outcome and contribution of study and work program thus far and show wisdom of action to lift pipeline sanctions
- Emphasize the collective nature of the effort to analyze the security implications of East-West economic relations
- Describe the means through which the work program will influence each nation's policy process
- Describe plans for further work

Themes

1. Overall reorientation of Western attitudes toward East-West economic relations

In the early 1970s, economics was a key part of the overall thaw in East-West relations. Lenient Western credit terms and a large increase in the level of trade resulted in benefits for

CONFIDENTIAL

CONFIDENTIAL

-2-

both sides--but with particular value for the East. Toward the end of the 1970s, and particularly after 1979, the massive Soviet military buildup as well as their adventurism and military aggression demonstrated that detente -- with its incontestible economic benefits for the Soviets -- was no barrier at all when they saw opportunities to advance their strategic position.

As the Soviets demonstrated that their fundamental values and policies had not changed, Western governments -- with the U.S. acting most quickly -- began to discuss and reevaluate their economic, political and security relationships with the East. (A chronology of recent events in the area of East-West economics is contained at Tab 1). Following the Soviet invasion of Afghanistan, the Carter Administration held discussions in early 1980 at the Ministerial level with our NATO allies on the most appropriate economic responses to this blatant act of military aggression. At the Ottawa Economic Summit meeting the following year, President Reagan proposed a fundamental re-evaluation of East-West economic relations to the assembled heads of state and government. The discussions at Ottawa culminated in a communique statement on East-West economic relations linking this area to Western political and security objectives -- the first such reference to result from an economic summit since the first meeting in 1975 (Ottawa statement contained at Tab 2).

Following the Ottawa meeting, Under Secretary Rashish undertook a mission to Europe in the Fall of 1981 to reemphasize President Reagan's concerns over the wisdom of assisting the Soviets with construction of the Siberian natural gas pipeline and to cast further light on alternative sources of energy. It was President Reagan's strong preference to avoid unilateral U.S. actions in this area if at all possible.

The Soviet-inspired imposition of martial law in Poland in December, 1981, gave further impetus to the ongoing reorientation of Western policies. The U.S. and its allies imposed economic sanctions on Poland, while the U.S., acting on its own, imposed restrictions on shipments of oil and gas extraction and transmission equipment by American firms.

Under Secretary Buckley's mission to Europe in April, 1982, underscored U.S. concern over Western supplies of oil and gas equipment to the Soviets. In addition, the Buckley mission began a series of discussions on the interest rates and credit terms applicable to trade with the Soviets. Subsequently, a decision was taken in the context of the Export Credit Arrangement to reclassify the Soviets and other countries with comparable levels of GDP into the "relatively rich" category that

CONFIDENTIAL

requires stiffer terms. (Details are provided below in Section 7.) At Versailles in June, 1982, allied leaders again discussed East-West economic relations and included a statement on this subject in their communique (included as Tab 2). This issue proved to be a contentious one, however, and following the meeting it became clear that there were significant differences in interpretation among allied leaders.

2. Imposition of Extended Sanctions on Oil and Gas Equipment (June 1982)

Following Versailles President Reagan, observing that there had been no movement on fundamental issues by the Poles or the Soviets, extended the sanctions on oil and gas equipment to subsidiaries of U.S. firms and to licensees of U.S. technology. Although the President would have preferred not to impose unilateral sanctions, his overriding priority was to demonstrate U.S. resolve in the face of the continued brutality and suppression of human rights in Poland.

The extension of the oil and gas sanctions provoked severe protests from our allies. At an informal meeting of NATO Foreign Ministers at La Sapiniere in Quebec, Canada, in the Fall of 1982 an intensified series of discussions on East-West economic relations was initiated. By November, a broad consensus within this group had emerged on the nature of the economic relationship with the East. To assist Western governments in defining the specific implications of that consensus, and as a further basis for cooperation in this area, the U.S. and its partners agreed to undertake a work program consisting of a series of studies of this subject, coupled with renewed impetus to various negotiations already underway. The tangible results of that program are now becoming available. To underscore his belief in the effectiveness of a collective approach and show his confidence that a further convergence of views would occur as a result of the studies and discussions that were starting, the President in November lifted the oil and gas sanctions.

3. Outcomes and Accomplishments of the 1982-83 work program

The details of the intensified program of analyses and discussions of East-West economics was agreed by all concerned governments in December, 1982, and was conducted in the following institutions:

- NATO: Overall security implications of East-West economic relations

-4-

- CoCom: Improved surveillance and control over Western exports with strategic or military implications
- OECD: East-West Financial relations and credit terms; problems stemming from Eastern nations' centralized control of trade
- OECD/IEA: Vulnerabilities from undue energy dependence; encouragement of alternative energy sources

3. Work Program Results: Overall Security Implications of East-West Economic Relations

In NATO, the Economic Committee undertook an extensive study of the security implications of East-West economic relations. The Committee's work was used by the NATO-country Foreign Ministers as the basis for their discussion of the topic during their meeting, June 9-10.

The U.S. and its partners recognize that their trade and financial relationships with the Soviet Union must be consistent with our shared security interests. These interests include the transfer of strategic technology, dependency relationships, and other dealings that contribute to the military capabilities of the Soviet Union. While mutually beneficial trade based on commercially sound terms contributes to constructive relations, we must remain vigilant to avoid further use by the USSR of some trade relations to enhance its military strength. We realize that, in our economic relations with the Soviets, we must avoid undue dependence or preferential treatment. (June 1983 NATO Communique; Comparison with earlier communiqués at Tab 3)

5. Work Program Results: Coordinating controls over the Export of Strategic Technology

CoCom, the Coordinating Committee for Multilateral-Export Controls, coordinates the Western effort to prevent the transfer of strategic technology to the East. While CoCom has been reasonably effective overall, we recognize that the Warsaw Pact has obtained valuable equipment and technology by circumventing controls in various ways.

To strengthen the multilateral CoCom system and make it as effective as possible, the U.S. and its partners have recently taken a number of significant actions:

CONFIDENTIAL

-5-

- In January, 1982, at President Reagan's initiative, we held a CoCom High Level Meeting -- the first such meeting in many years. Since then, the organization has been carrying out the recommendations of that meeting to strengthen the effectiveness of the organization and the national control systems.

- In April, 1983, a second High Level Meeting was held, at which progress toward the conclusions reached at the earlier meeting was assessed. Special emphasis was also placed on improvements in the coordination between member governments in strengthening national licensing and enforcement methods. This was particularly important since CoCom itself has no independent control system and must depend on the national enforcement efforts of the fifteen member states.

At both meetings, member governments acknowledged the need to adapt CoCom controls to keep pace with technological developments. Accordingly, CoCom has been meeting on a continuous basis to upgrade and strengthen the embargo lists. Member governments have also agreed to study whether their security interests require controls on certain categories of high technology that are not now controlled.

Details of both High Level Meetings and of ongoing CoCom activities are confidential. However, the U.S. is extremely pleased with the outcome of the most recent meeting and the progress to date. The decisions taken at the meeting, as well as subsequent actions confirm that the allies are prepared to work with us toward assuring that high technology trade with the East does not undermine Western security.

6. Work Program Results: Energy Dependence

The U.S. and its partners have agreed that they should avoid undue dependence on any one source for energy supplies. Such dependence on one source could potentially enable it to exercise monopoly power and exert political pressures. Consequently, the U.S. and its partners have agreed to move ahead expeditiously with the development of alternative Norwegian and North American energy resources and strengthen the ability of the West to manage any disruption of energy supply.

In undertaking the recent study of energy requirements and security, the U.S. and its partners examined the present and projected energy supply and demand situations, assessed the

CONFIDENTIAL

CONFIDENTIAL

-6-

energy vulnerability of individual nations by each type of fuel, and identified those policies that could enhance energy security. One of the key findings of this analysis was that, although an interruption in the supply of oil remains the major risk, rapidly growing imports of natural gas from non-OECD sources pose a significant challenge -- one that is most acutely felt in Europe.

The study of energy requirements shows that there will probably be a gap between contracted supply and anticipated demand for gas in the 1990s. If this gap is filled by the Soviet Union, already a large and low-cost supplier, dependence on this source would reach potentially very serious levels. In this event, Europe would not be able to cope with an extended interruption of natural gas without widespread and disruptive cuts in supplies to consumers.

Recognizing the risks associated with high levels of dependence on a single supplier, the U.S. and its partners committed themselves to avoid undue dependence and to emphasize the development of secure alternatives indigenous to the OECD area. In particular, the U.S. and its partners committed themselves to:

- Encourage their companies to begin negotiations as soon as possible on deliveries from the Norwegian Troll field or from North American gas resources. The goal is to make supplies available at prices competitive with other fuels in the mid-1990s.
- Take those actions necessary to strengthen their ability to deal with a supply interruption. Such actions vary depending on a nation's situation, but include increased gas storage facilities, contingency programs to restrain demand, improved fuel-switching capabilities, a flexible grid structure, more flexible supply contracts, and greater surge capability.
- Review on an annual basis their progress in implementing these measures. The U.S. and its partners will also assess periodically whether gas supplies from any one source are large enough to cause new concerns over vulnerability.

The agreements that have been reached enhance the energy security of the U.S. and its partners. We now have for the first time a coherent framework for examining energy security issues on a continuing basis. We are pleased with the progress that we have made and we believe that we have come a long way

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

-7-

since the 1981 Ottawa Summit when President Reagan first suggested the need to examine energy security issues. (Extracts from IEA conclusions at Tab 5)

7. Work Program Results: East-West Trade and Financial Relations

In the OECD, the U.S. and its partners recently completed the first phase of a thorough economic analysis of trade and financial relations with the Soviet Union and its East European allies. The analysis concluded that East-West trade had not developed as rapidly as once expected, and that in relative terms it is of marginal importance to the West. Western gains from this trade have been disappointing. Eastern nations, after financing more than half of their increased level of imports in the late 1970s by borrowing, have in some cases been unable to meet their debt obligations despite a sharp cut in their imports.

The main reason for the above trends seems to lie in the nature of the economic system in the East, which makes it difficult for these countries to make effective use of imported capital equipment and technology, and to produce goods which are competitive on Western markets. The U.S. and its partners concluded that in East-West economic relations, governments should exercise financial prudence without granting preferential treatment. In general, these relations should be guided by the indications of the market.

In the area of credits for export financing, the U.S. and its partners agreed that it was not sensible to give the Soviets the same concessionary interest rates that are given to developing countries. Since July, 1982, the minimum interest rate applicable to direct government provided credit to the Soviets and other rich countries is 12.4%, nearly two percentage points above the current U.S. prime rate. The U.S. and its partners are continuing work to extend and strengthen this export credit arrangement.

Finally, the U.S. and its partners are working to improve our statistics on trade flows and foreign indebtedness, so that the data with which we work with will be more current and will be based on common definitions and understandings. (Relevant sections of OECD Ministerial Declarations included at Tab 4)

8. Implementation of the Findings

The commitments made in CoCom and in the OECD's export credit consensus arrangement are recognized by all as governing specific actions of participating countries. However, none of the organizations within which these analyses were performed is a supra-national body whose recommendations are legally

CONFIDENTIAL

CONFIDENTIAL

-8-

binding on member states. Indeed, such a rigid arrangement would be antithetical to the spirit of our alliances and friendships with other democratic countries. Rather, in performing these studies and carrying out the results of negotiations, members have concurred in the validity, relevance, and importance of the findings that were reached and will take the conclusions of the analyses strongly into account when formulating their national policies in these areas. In addition, IEA members have specifically directed that regular reviews of country energy policies give special attention to gas dependence and alternative issues in light of the principles adopted in the policy conclusions.

9. Ongoing Efforts

Work with our allies and partners in analyzing our economic relations with the East is an ongoing process in which we are seeking to heighten awareness of the security and economic policy dimensions of East-West economic relations. Beyond the development of a specific set of conclusions, we wanted to start a process that would provide informed analyses for the use of policy-makers. Happily, this expectation has been borne out, and work will be continuing in the organizations involved in the initial series of analyses:

- CoCom will be analyzing whether members' security interests require controls on additional high technology items and reviewing means by which it can strengthen national licensing and enforcement activities.

- NATO will be performing additional analyses of the security implications of East-West economic relations from which its members can draw in formulating national policies. As stated in its recent communique, the Allies will remain vigilant to avoid further use by the USSR of some trade relations to enhance its military strength.

- OECD will be examining the special problems that occur in dealing with the state trading countries of the East, and will also put into place an ongoing review process for the careful examination of other problems in East-West economic relations. OECD will also continue its work on monitoring trade and indebtedness data.

- OECD and IEA will also give special attention to energy dependence in their country-by-country reviews, and they will also continue to promote interest in Norwegian and North American energy sources.

CONFIDENTIAL

CONFIDENTIAL

-9-

We believe that this effort has been helpful in enhancing Western security, and that the results of the work program justify the President's confidence in lifting the sanctions and pursuing a collective approach. In this regard, at Williamsburg, the Summit leaders noted with approval the progress made in these discussions and urged that work go forward in the appropriate locations.

Drafted: E:EHurwitz
Approved: E:RMorris

CONFIDENTIAL

Appendix

- Tab 1 - Chronology of Recent Events in the Area of East-West Economics**
- Tab 2 - Economic Summit Statements on East-West Economics**
- Tab 3 - NATO Communique Statements on East-West Economics**
- Tab 4 - Relevant Sections of OECD Ministerial Declarations**
- Tab 5 - IEA Statement**

Recent Events in the Area
of East-West Economic Relations

1980

January -- Ministerial level discussions with NATO allies on appropriate economic responses to Soviet invasion of Afghanistan

1981

July -- Ottawa Summit Meeting; First mention of East-West economic relations in a Summit Communique

October -- Rashish mission undertaken to reemphasize President Reagan's concern over European assistance in construction of Siberian natural gas pipeline

December -- Declaration of Martial Law in Poland

1982

January -- U.S. and allies impose limited economic sanctions on Poles; U.S. unilaterally restricts shipments of oil and gas extraction and transmission equipment

April -- Buckley mission conducted to begin discussions of interest rates and credit terms, as well as to underscore U.S. concerns on pipeline

June -- Versailles Summit meeting; communique statement on East-West economic relations accompanied by discord over interpretation

June -- U.S. extends sanctions on energy equipment to U.S. subsidiaries and licensees

September -- Meeting at La Sapiniere, Quebec, to develop consensus approach to East-West economic relations

November -- Key Western nations reach broad consensus on East-West economic relations; agreement to start or accelerate analyses and discussions on aspects of this subject; President lifts pipeline sanctions

December -- Agreement among all NATO and OECD countries on elements of work program

1983

April-June -- Major elements of East-West economic work program completed: CoCom High-level meeting, IEA, OECD, and NATO ministerial endorsement of communique statements; decisions made to continue work

Tab 2

Economic Summit Statements on East-West
Economic Relations

Rambouillet, 1975

10. We look to an orderly and fruitful increase in our economic relations with socialist countries as an important element in progress in detente, and in world economic growth.

Puerto Rico, 1976

We discussed East/West economic relations. We welcomed in this context the steady growth of East/West trade and expressed the hope that economic relations between East and West would develop their full potential on a sound financial and reciprocal commercial basis. We agreed that this process warrants our careful examination as well as efforts on our part to ensure that these economic ties enhance overall East/West relationships.

Ottawa, 1981

36. We also reviewed the significance of East-West economic relations for our political and security interests. We recognized that there is a complex balance of political and economic interests and risks in these relations. We concluded that consultations and, where appropriate, coordination are necessary to ensure that, in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives.

Versailles, 1982

We agree to pursue a prudent and diversified economic approach to the U.S.S.R. and Eastern Europe, consistent with our political and security interests. This includes actions in three key areas. First, following international discussions in January, our representatives will work together to improve the international system for controlling exports of strategic goods to these countries and national arrangements for the enforcement of security controls. Second, we will exchange information in the OECD on all aspects of our economic, commercial and financial relations with the Soviet Union and Eastern Europe. Third, taking into account existing economic and financial con-

-2-

siderations, we have agreed to handle cautiously financial relations with the U.S.S.R. and other Eastern European countries, in such a way as to ensure that they are conducted on a sound economic basis, including also the need for commercial prudence in limiting export credits. The development of economic and financial relations will be subject to periodic ex-post review.

Williamsburg, 1983

(9) East-West economic relations should be compatible with our security interests. We take note with approval of the work of the multilateral organizations which have in recent months analyzed and drawn conclusions regarding the key aspects of East-West economic relations. We encourage continuing work by these organizations, as appropriate.

Tab 3

**NATO Communique Statements on East-West
Economic Relations**

January, 1982

14. In the current situation in Poland, economic relations with Poland and the Soviet Union are bound to be affected. Soviet actions towards Poland make it necessary for the Allies to examine the course of future economic and commercial relations with the Soviet Union. Recognizing that each of the Allies will act in accordance with its own situation and laws, they will examine measures which could involve arrangements regarding imports from the Soviet Union, maritime agreements, air services agreements, the size of Soviet commercial representation and the conditions surrounding export credits(*).

16. In addition to agreeing to consult on steps to be taken in the near future, the Allies will also reflect on longer-term East-West economic relations, particularly energy, agricultural commodities and other goods, and the export of technology, in light of the changed situation and of the need to protect their competitive position in the field of military and technological capabilities (*).

May, 1982

12. Economic exchanges have an important role in the development of a stable East-West relationship. The Allies reaffirm their intention which they expressed in their declaration of 11th January 1982 to review East-West economic relations, bearing in mind the need for such relations to be mutually advantageous and to take full account of security considerations, particularly in the technological, economic and financial areas, including export credits. In particular, they acknowledged the dangers involved in transfer of militarily relevant technology to the Warsaw Pact countries.

June, 1982 ("Bonn Declaration")

F. Our purpose is to ensure economic and social stability for our countries, which will strengthen our joint capacity to safeguard our security. Sensitive to the effects of each country's policies on others, we attach the greatest importance to the curbing of inflation and a return to sustained growth

* The Greek delegation has reserved its position on these paragraphs

-2-

and to high levels of employment. While noting the important part which our economic relations with the Warsaw Pact countries play in the development of a stable East-West relationship, we will approach those relations in a prudent and diversified manner consistent with our political and security interests. Economic relations should be conducted on the basis of a balanced advantage for both sides. We undertake to manage financial relations with the Warsaw Pact countries on a sound economic basis, including commercial prudence also in the granting of export credits. We agree to exchange information in the appropriate fora on all aspects of our economic, commercial and financial relations with Warsaw Pact countries.

December 1982

15. The Allies recognize that mutually advantageous trade with the East on commercially sound terms contributes to constructive East-West relations. At the same time they agree that bilateral economic and trade relations with the Soviet Union and Eastern Europe must also be consistent with their broad security concerns which include the avoidance of contributing to Soviet military strength. Studies are underway or will soon be undertaken on several aspects of East-West economic relations and Ministers will consider these issues again, on the basis of these studies, at their next meeting (1).

June, 1983

15. The Ministers note that since their last meeting several aspects of East-West economic relations have been studied including the security implications of these relations. Trade conducted on the basis of commercially sound terms and mutual advantage, that avoids preferential treatment of the Soviet Union, contributes to constructive East-West relations. At the same time, bilateral economic relations with the Soviet Union and the countries of Eastern Europe must remain consistent with broad Allied security concerns. These include avoiding dependence on the Soviet Union, or contributing to Soviet military capabilities. Thus, development of Western energy resources should be encouraged. In order to avoid further use by the Soviet Union of some forms of trade to enhance its military strength, the Allies will remain vigilant in their continuing review of the security aspects of East-West economic relations. This work will assist Allied governments in the conduct of their policies in this field. (1)

(1) Greece recalled its position on various aspects of this paragraph.

Relevant Sections of OECD Ministerial Declarations

May, 1982

44. Ministers recognized the value of different aspects of the work of the Organization on East-West economic relations, and agreed that their interrelations should be considered further within the Organization.

May, 1983

- East-West Economic Relations

22. Following a decision taken by Ministers last year, the Organization has carried out a thorough economic analysis of the evolution of trade and financial relations with the USSR and other Eastern European countries. Ministers noted that these relations have, with some exceptions, evolved in a less dynamic way than those with more market-oriented economies and not met earlier expectations.

23. This purely economic analysis demonstrates that East-West trade and credit flows should be guided by the indications of the market. In the light of these indications, Governments should exercise financial prudence without granting preferential treatment. Ministers recognized, moreover, that practices connected with the state-trading system of centrally planned economies can create problems which need to be kept under close examination within the Organization. More generally, they agreed that, in the light of changing circumstances, the Organization should continue to review East-West economic relations.

Tab 5

IEA Statement on Gas Security

9. Ministers agreed that gas has an important role to play in reducing dependence on imported oil. They also agreed, however, on the importance of avoiding the development of situations in which imports of gas could weaken rather than strengthen the energy supply security and thus the overall economic stability of Member countries. They noted the potential risks associated with high levels of dependence on single supplier countries. Ministers stressed the importance of expeditious development of indigenous OECD energy resources. They noted that existing contracts are currently insufficient to cover expected gas demand by the mid-1990s, and agreed that in filling this gap steps should be taken to ensure that no one producer is in a position to exercise monopoly power over OECD and IEA countries. To obtain the advantages of increased use of gas on an acceptably secure basis, they agreed that:

- their countries would seek to avoid undue dependence on any one source of gas imports and to obtain future gas supplies from secure sources, with emphasis on indigenous OECD sources. Additional supplies from other sources would be obtained from as diverse sources as possible, taking into account supply structures, the share of gas in energy balances, and the geographical situation of individual countries. In assessing the full costs of gas supply sources, gas companies and, as appropriate, governments will consider security factors;

- their Governments would either encourage gas companies and other undertakings concerned to take or take themselves the necessary and appropriate cost-effective measures suited to each country's situation to strengthen their ability to deal with supply disruptions; these measures could include increased gas storage facilities, contingency demand restraint programs, improved fuel-switching capabilities accompanied by adequate stocks of oil or other alternative fuels, a more flexible grid structure, greater flexibility of contracts, more surge capacity, measures to accelerate intra-OECD trade on short notice through standby contracts for supplies in a disruption, and interruptible contracts with consumers;

- action should be taken to develop at economic cost indigenous gas resources, particularly in North America and the North Sea, which show promise of alleviating overall or particular pressures on energy imports;

-2-

- concerned member governments noting the potential for further development of North American gas resources and noting that part of the Norwegian Troll field may be declared commercial by 1984, would encourage their companies to begin negotiations on deliveries from these sources as soon as possible, with a view to making supplies available at prices competitive with other fuels in the mid-1990s;

- trade barriers and other barriers which could delay development of indigenous gas resources should be avoided or reduced;

- their governments would encourage the companies concerned to undertake feasibility studies, if appropriate in cooperation with member governments, to determine the economic, engineering, technical and financial factors, relevant to possible imports from a variety of non-OECD sources;

- governments within one region where there is scope for effective cooperation should invite gas companies operating in their jurisdictions to address and negotiate on a commercial basis cooperative arrangements to meet a disruption of supplies to any one country or to the region as a whole;

- special attention should be given in the annual country review process in various international organizations to the future pattern of gas supplies, to the progress on the development and implementation of security measures, and to whether gas imports into the OECD from any single source constitute such a proportion of total supplies as to give rise to concern about the timely development of indigenous resources and the vulnerability of supplies, either for an individual Member country or collectively;

- in considering the degree of vulnerability, relevant factors include the share of imports in total gas consumption and in total primary energy requirements, the reliability of particular sources, the flexibility of other supplies, sectoral distribution, stocks and fuel-switching possibilities;

- an in-depth exchange of views about this question would take place within the normal review process whenever considered necessary. To allow a full assessment of its energy situation, the country concerned shall inform the other member states if it plans major changes in its energy policy or gas supply pattern which are significant in the context of development of indigenous OECD resources and vulnerability of gas supplies;

Ministers expressed the view that special attention should be given in relevant international organizations to the gas import situation of individual countries and regions. IEA Ministers instructed the Governing Board to keep this issue under continuing review.