

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

SECRET

P's
decisions
10E

OSD & DOS
review(s)
completed.

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DOE review completed.

July 10, 1978

ACTION

Not referred to DOC. Waiver applies.

MEMORANDUM FOR: THE PRESIDENT

NSC
review(s)
completed.

FROM: ZBIGNIEW BRZEZINSKI

SUBJECT: Options for Responding to the
Shcharanskiy and Ginzburg Trials

It is important that we respond in a measured but firm way to the recent developments regarding human rights. This is particularly needed because the public and -- I fear -- also the Soviets feel that our reactions to the Soviet/Cuban intrusion into Africa were limited to words only. I think it is fair to say that the Soviets, while negotiating responsibly with us on SALT (where there is a reciprocal interest), have simply ignored all of your expressions of concern regarding either their policy in Africa or human rights. Our credibility is now at stake, and a failure to respond adequately could have adverse consequences internationally and domestically.

We have developed a program of actions, which you have previously approved, regarding Crawford and the correspondents. That program should not be applied to the human rights issue because we still need resources to resolve the Crawford and the correspondents' cases.

The actions recommended below are in areas where we have a relative advantage and which are important to the Soviets. I outline in greater detail the substance of the actions that could be taken, and I would favor in general the following scenario.

1. Cancel a specific technology transfer case as a reaction to the trial (either item 1 or item 2 of those listed on pp. 2-3) and postpone the military visits.

2. Reestablish export controls on all oil production technology as a reaction to the sentencing.

You should know that Cy opposes in general the use of trade for political purposes, though I would argue that sensitive technology is not the same thing as trade. Moreover, unless some tangible actions are taken by us, I expect strong Congressional pressure which might be excessive and which could push us into damaging directions.

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memo

Technology Transfer Cases Now in Progress

Two major cases, a Sperry Univac Multiprocessor System for TASS (the Soviet news agency) and Dresser Industries' construction of an oil drill bit factory in the USSR, require export licenses which you could deny under the Export Administration Act.

1. The Sperry Univac Computer Sought by TASS

Sperry Univac has contracted for sale of a \$6.8 million Univac computer to TASS for use during the 1980 Olympics. This computer has several times the capacity of any computer we have sold the Soviets previously or any computer they now possess. It also would transfer an advanced network control capability vastly superior to the present Soviet state of the art. Under existing COCOM criteria and previous US precedents, Sperry's application for an export license would be denied. TASS, of course, is a major instrument of Soviet propaganda and intelligence, a factor not to be ignored in the politics of approving this case. DOD and Commerce consider the computer too advanced for TASS needs but would approve it with certain modifications and assurances on end-use. State has reserved its position in view of the end-user. We thus can deny the application on essentially technical grounds. The company would complain about denial or deferral of the license but would have no legal recourse. Any alternative non-US supplier would require COCOM approval which we could most likely prevent.

Options

Deny export license ✓

Defer a final decision on license application until relations improve _____

2. The Dresser Case

Dresser Industries has contracted to build a \$158 million drill bit factory in the Soviet Union which would have a capacity equal to 25% of the free world production of drill bits. Soviet drill bits are very inferior to US drill bits, and this plant would significantly increase Soviet oil drilling capability. It also could be rapidly converted to the production of components for armor piercing projectiles.

Dresser has applied for two export licenses for equipment it wishes to include in this factory. One application, relating to technical data including tungsten carbide production, has been approved through the interagency process and the license

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has been issued. The tungsten carbide process can be used for manufacturing armor piercing projectiles, and the technical advisor in DOD recommended denial for this reason. It would be legally possible to recall and revoke this license. Obviously, there would be a major outcry and protest from Dresser.

The second Dresser application concerns an electron beam welder. Commerce and DOD favor granting this application; DOE opposes granting the license; State sees no reason to hurry in approving it. Conceivably, if this license were denied, Dresser could find an alternative foreign source. Dresser would, however, probably be most reluctant to go ahead with their substantial investment unless it had a green light from the government.

Options

Suspend or revoke license already issued _____

Deny pending license application _____

Defer decision on pending application
until US-Soviet relations improve _____

Reestablishing Export Controls on Oil Production Technology

Soviet need for American oil production technology is very great. Their imports of such equipment from all sources this year could approximate \$1 billion. Without these imports, CIA estimates that Soviet Oil production could drop by as much as 10 percent, possibly more, for the next several years. The US has an effective monopoly on the equipment and technology the Soviets need most. Oil production technology was on the Commodity Control List (CCL) in the late 1960s but removed in the early 1970s. The issue today is whether to put it back on the CCL and thus require US firms to apply for export licenses which would then be granted or denied.

Reestablishing export controls over oil technology would:

- Convey a strong signal of your disapproval to the Soviets.
- Give you a number of carrot/stick options for future dealings with the Soviets.
- Create no immediate adverse effects on the level of US-Soviet trade.

Presently an interagency ad hoc group is addressing the desirability of reestablishing such control over oil technology. Energy favors control, with Jim feeling strongly about it. Defense and State are mixed in attitude, though Cy has reservations. Commerce and Treasury oppose it. CIA stands firm on their estimate of the heavy costs that denial of oil technology would place on the USSR.

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There is no requirement for interagency approval of reestablishing control. You are authorized by the Export Administration Act simply to direct Commerce to put oil technology on the CCL for foreign policy reasons.

Options

Issue a directive to Commerce to put oil production technology on the Commodity Control List ✓ *J*

Continue the interagency review _____

Military Visits

Presently we are exchanging proposals with the Soviets on military visits which could lead to six American Army general officers traveling to the USSR this summer. You could direct that these efforts be stopped or put in abeyance for the present.

I believe we should delay, though not cancel. State and Defense for now prefer proceeding, and there is some potential benefit to us in such military connections. However, at this time, to go ahead (and some visits would start within a few weeks), would involve the wrong symbolism here and abroad. We cannot entirely disregard also the impact on the Chinese of such military exchanges, at a time when we are quietly seeking to develop our relations with China. To go ahead with the military visits would be to invite public controversy and this would diminish the potential benefits of such exchanges. Thus, there is merit in letting them slip until early fall.

Options

Cancel efforts to move forward on this front _____

Delay action on Soviet proposals ✓ *J*

Continue as at present _____

A Review of Ongoing Joint US-Soviet Programs

Some months ago, I initiated a systematic review of such programs to determine what is the balance of benefits to the US and to the Soviet Union. (I was amazed to learn that no such review was being systematically undertaken.) All agencies have been instructed to respond every six months and to provide a clear assessment of relative benefits. We could let it be known publicly that you have asked for a report on this matter.

Options

Approve ✓ *J*

Disapprove _____

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