Case Number: 2016-0152-F

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title: Chron File - May 1993 #2 [6]				
Staff Office-Individual: Defense Policy-Bell, Robert				
Original OA/ID Number: 44				
Row: 31	Section: 3	Shelf: 1	Position: 3	Stack: V

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	For the Executive Secretary, National Security Council. Subject: Significant Military Exercise - NAUTICAL SWIMMER 93-3. (1 page)	05/19/1993	P1/b(1)
001b. cable	re: Part I Significant Military Exercise Brief. (2 pages)	04/29/1993	P1/b(1)
002a. memo	For the Executive Secretary, National Security Counil. Subject: Significant Military Exercise - EASTERN CASTLE 93. (1 page)	05/21/1993	P1/b(1)
002b. cable	re: Part I Significant Military Exercise Brief. (2 pages)	04/15/1993	P1/b(1)
003a. memo	Duplicate of 001a. (1 page)	05/19/1993	P1/b(1)
003b. cable	Duplicate of 001b. (2 pages)	04/19/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 44

FOLDER TITLE:

Chron File - May 1993 #2 [6]

2016-0152-F
vz4403

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RECORD ID: 9303564
RECEIVED: 19 MAY 93 08

TO: PETERSON, R

FROM: ITOH

DOC DATE: 21 MAY 93
SOURCE REF:

KEYWORDS: DEFENSE POLICY LEGISLATIVE REFERRAL

PERSONS:

SUBJECT: DOD DRAFT BILL RE REPEAL OF ASSIGNMENT RESTRICTIONS / DOD 103-007

ACTION: ITOH SGD MEMO DUE DATE: 21 MAY 93 STATUS: C

STAFF OFFICER: HAHN LOGREF:

FILES: WH NSCP: CODES:

D O C U M E N T   D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		BELL
		EXECSEC
		HAHN

COMMENTS:

DISPATCHED BY ✓ DATE 5/21 BY HAND W/ATTCH

OPENED BY: NSJEB CLOSED BY: NSMEM DOC 3 OF 3

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 21, 1993

MEMORANDUM FOR RONALD K. PETERSON

FROM: WILLIAM H. ITOH

SUBJECT: Defense Draft Bill RE Repeal of Assignment Restrictions (DoD 103-007)

The National Security Council staff concurs in the Defense draft bill with the following modification:

Delete the first two sentences of the third paragraph under the heading Purpose of the Legislation. Third paragraph would start with "Women have made important contributions to the readiness and effectiveness of the armed forces and the Navy."

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 20, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL

FROM: KEITH HAHN

SUBJECT: Defense Draft Bill RE Repeal of Assignment Restrictions (DoD 103-007)

The Defense draft bill at Tab II provides for the lifting of the combat exclusion law that restricts women from positions on naval combatants. This bill is consistent with recent announcements from the Secretary of Defense which, in turn, have been supported by the President.

The first two sentences of the third paragraph under the heading of <u>Purpose of the Legislation</u> should be deleted so as to avoid implying that the current military talent pool is insufficient to maintain a highly qualified military in a period of downsizing. Large numbers of highly qualified servicemen are being asked to leave the military because of defense cutbacks. This paragraph, as written, could suggest that their service is being terminated to make room for more women in combat positions.

Concurrence by: Jeremy Rosner

RECOMMENDATION

That you sign the memorandum at Tab I concurring in the draft bill as modified.

Attachments
Tab I Memorandum for Signature
Tab II Incoming Correspondence

EXECUTIVE OFFICE OF THE PR SIDENT
OFFIC OF MANAGEMENT AND UDGET
Washington, D.C. 20503

SPECIAL

May 18, 1993

3564

LEGISLATIVE REFERRAL MEMORANDUM

LRM #D-227
DRAFT #265

TO: Legislative Liaison Officer -

JUSTICE - Faith Burton - (202)514-2141 - 217
NSC - William H. Itoh - (202)395-3723 - 249
TRANSPORTATION - Tom Herlihy - (202)366-4687 - 226

FROM: RONALD K. PETERSON (for) Ronald K. Peterson
Assistant Director for Legislative Reference

OMB CONTACT: MIKE GOAD (395-7301)
Secretary's line (for simple responses): 395-6194

SUBJECT: DEFENSE Draft Bill Repeal of Assignment Restrictions (DOD 103-007)

DEADLINE: 10:00 A.M., FRIDAY, May 21, 1993

COMMENTS: If you do not respond to the deadline, we will assume that your agency has no comment.

OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or receipts for purposes of the the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:
T. Stanners
T. Lewis
K. MacIntyre
M. Foley
B. Thierwechter
A. Maldon, WH-LA

Fax 5 pg

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

If your response to this request for views is simple (e.g., concur/no comment) we prefer that you respond by faxing us this response sheet. If the response is simple and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a secretary.

You may also respond by (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); (2) sending us a memo or letter; or (3) if you are an OASIS user in the Executive Office of the President, sending an E-mail message. Please include the LRM number shown above, and the subject shown below.

TO: MIKE GOAD
Office of Management and Budget
Fax Number: (202) 395-5691
Analyst/Attorney's Direct Number: (202) 395-7301
Branch-Wide Line (to reach secretary): (202) 395-6194

FROM: ______________________ (Date)

______________________ (Name)

______________________ (Agency)

______________________ (Telephone)

SUBJECT: DEFENSE Draft Bill Repeal of Assignment Restrictions (DOD 103-007)

The following is the response of our agency to your request for views on the above-captioned subject:

______ Concur

______ No objection

______ No comment

______ See proposed edits on pages ______________

______ Other: ______________________

______ FAX RETURN of ____ pages, attached to this response sheet

A BILL

To repeal the statutory restriction on the assignment of women in the Navy and Marine Corps.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that (a) section 6015 of title 10, United States Code, is repealed; and

(b) The table of sections at the beginning of chapter 555, United States Code, is amended by deleting the item referring to section 6015.

The Honorable Thomas S. Foley
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Enclosed is a draft of legislation, "To repeal the statutory restriction on the assignment of women in the Navy and Marine Corps."

This proposal is part of the Department of Defense Legislative Program for the 103rd Congress. The Office of Management and Budget advises that this proposal is consistent with the Administration's objectives. The Department of the Navy has been designated the representative of the Department of Defense for this legislation. The Secretary of Defense recommends that this proposal be enacted by the Congress.

Purpose of the Legislation

The purpose of this proposal is to remove the statutory restriction on the authority of the Secretary of the Navy to assign women members of the Navy and the Marine Corps to vessels engaged in combat missions. Section 6015 of title 10, United States Code, currently prohibits the permanent assignment of women to such vessels except for aviation officers assigned as part of an air wing or other air element. The removal of the statutory restriction is necessary to implement the policy of the Secretary of Defense on the assignment of women in the armed forces. On April 28, 1993, as part of the expansion of opportunities for women in the armed forces, the Secretary of Defense directed Navy to develop a legislative proposal to repeal the existing combat exclusion law and permit the assignment of women to ships that are engaged in combat missions.

Currently, women in the Navy may be permanently assigned to duty in hospital ships, oilers, ammunition ships, refrigerated stores ships, transports, training ships and similar vessels not expected to be assigned combat missions. Women, both officers and enlisted members, are, in fact, serving in such ships. For the purpose of the combat restriction, a combat mission is defined as a mission that has as one of its objectives seeking out, reconnoitering and engaging the enemy.

delete

[The downsizing of the military to meet the conditions of the post-Cold War world necessitates that the Navy have the most ready and effective force possible. In order to maintain readiness and effectiveness, it is requisite that the Navy draw delete

from the largest available talent pool and select the most qualified individual for each military job. Women have made important contributions to the readiness and effectiveness of the armed forces and the Navy. Their contributions to the nation's defense have been restricted, however, by the combat exclusion law that has served to exclude them from a large number of important positions.

Removing the combat exclusion law is critical to the Navy's goal of complete integration of women into the naval service. Therefore, your favorable consideration of this legislation is requested.

Cost and Budget Data

There is no cost associated with this measure.

Sincerely,

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9303663
RECEIVED: 21 MAY 93 14

TO: ITOH

FROM: SHERFIELD, M

DOC DATE: 12 MAY 93
SOURCE REF:

KEYWORDS: DEFENSE POLICY

PERSONS:

SUBJECT: DULE ABSENCE OF SEC DEFENSE & DEPUTY SEC DEFENSE

ACTION: FOR RECORD PURPOSES DUE DATE: 25 MAY 93 STATUS: C

STAFF OFFICER: NONE LOGREF:

FILES: WH NSCP: CODES:

D O C U M E N T   D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		BELL
		EXECSEC
		HAHN
		JONES

COMMENTS: ____________

DISPATCHED BY ____________ DATE ____________ BY HAND W/ATTCH

OPENED BY: NSASK CLOSED BY: NSASK DOC 1 OF 1

UNCLASSIFIED

3663

OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1000

12 MAY 1993

MEMORANDUM FOR EXECUTIVE SECRETARY, NATIONAL SECURITY COUNCIL

SUBJECT: Dual Absence of the Secretary and Deputy Secretary of Defense

The Secretary of Defense will depart for Wisconsin at 1800, Saturday, 15 May 1993. The Deputy Secretary of Defense is traveling out of the country, and will return to Washington, D.C. at 0600, Sunday, 16 May.

Accordingly, during the following period of time, the official indicated will be the Acting Secretary of Defense:

Date/Times	Acting Secretary of Defense
1800, Saturday, 15 May 1993 through 0600, Sunday, 16 May 1993	Under Secretary of Defense (Acquisition) Dr. John Deutch

Michael B. Sherfield
Executive Secretary

cc: SecDef
DepSecDef
SecArmy
SecNavy
SecAF
USD(A)
DoD GC
Dir, WHMO
CJCS
NMCC
OSD Cables

3475

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 15, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: ROBERT BELL

FROM: KEITH HAHN

SUBJECT: Membership of the President's National Security Telecommunications Advisory Committee (NSTAC)

At Tab II are memoranda from Lieutenant General Alonzo E. Short, Jr., the Manager of the National Communications System (NCS), which recommend changes to the NSTAC membership. Under the executive order which established the NSTAC, it can have up to 30 members. Currently there are 26 members, most of whom are CEOs of large telecommunications firms.

Specific changes requested are:

- Appoint Mr. Joseph T. Gorman, Chairman of the Board and Chief Executive Officer of TRW. TRW was an original participant in the NSTAC. When its previous CEO retired, Mr. Gorman felt he could not participate immediately after assuming his new responsibilities. However, after reallocating some corporate responsibilities, he would now like to contribute to this effort.

- Replace Mr. Frederick F. Jenny, who died earlier this year, with Mr. Albert F. Zettlemoyer, President of Paramax (a Unisys company and a Senior Vice President of Unisys Corporation).

Biographies on the new members are included at Tabs A and B. At Tab I is a memorandum to Bruce Lindsey forwarding the membership changes.

RECOMMENDATION

That you sign the memorandum at Tab I.

Attachments
Tab I Memorandum for Signature
  Tab A Biography of Mr. Joseph T. Gorman
  Tab B Biography of Mr. Albert F. Zettlemoyer
Tab II Memoranda from LTG Short, April 27, 1993

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR BRUCE LINDSEY

FROM: ANTHONY LAKE

SUBJECT: Membership of the President's National Security Telecommunications Advisory Committee (NSTAC)

Executive Order 12382 established the National Security Telecommunications Advisory Committee (NSTAC) which is composed of up to thirty telecommunications industry executives. In coordination with the Secretary of Defense, the Manager, National Communications System (who serves as the NSTAC Designated Federal Official) has forwarded the nominations of two new members. The proposed changes are:

-- Appoint Mr. Joseph T. Gorman, Chairman of the Board and Chief Executive Officer of TRW. TRW was an original participant in the NSTAC. When its previous CEO retired, Mr. Gorman felt that he could not participate immediately after assuming his new responsibilities. He would now like to contribute to this committee.

-- Replace Mr. Frederick F. Jenny, who died earlier this year, with Mr. Albert F. Zettlemoyer, President of Paramax (a Unisys company and a Senior Vice President of Unisys Corporation).

The NSC fully endorses these changes to the membership and requests that your office process them. Please refer all actions on this matter to Keith Hahn (extension 6923).

Biography

Joseph T. Gorman

Chairman and Chief Executive Officer
TRW Inc.

Joseph T. Gorman became chairman and chief executive officer of TRW Inc. in December 1988, after serving as president and chief operating officer since January 1985. He has been a director of the company since 1984.

Mr. Gorman joined TRW's legal department in 1968. He became secretary of TRW in 1970 and a vice president in 1972. He served as vice president and general counsel until 1980, when he was elected executive vice president and given responsibility for the Industrial & Energy Sector, then one of TRW's three major operating units.

An Indiana native, Mr. Gorman holds a bachelor's degree from Kent State University and a doctorate degree from Yale Law School. Upon graduation from law school in 1962, he practiced general corporate law in Cleveland for five years.

Mr. Gorman is chairman of the U.S.-Japan Business Council and chairman of The Business Roundtable's Education Task Force. He is chairman of the government's Industry Policy Advisory Committee for Trade Policy Matters and chairman of the Defense Industry Initiative Steering Committee. He is one of three U.S. appointees to The Japan Import Board and is vice chairman of the U.S.-Canada Automotive Select Panel. He is a member of the Center for Strategic and International Studies' "Strengthening of America" initiative and the Trilateral Commission. Mr. Gorman is a director of The Procter & Gamble Company and the Aluminum Company of America and serves on the advisory board of BP America Inc.

He is a trustee of the Committee for Economic Development and is a member of The Business Roundtable, the Council on Foreign Relations, The Conference Board, The Business Council, and the Council on Competitiveness.

Mr. Gorman served as chairman of Leadership Cleveland and is a trustee of United Way Services, Cleveland Clinic Foundation, Cleveland Tomorrow, The Cleveland Play House, Musical Arts Association, and Cleveland Institute of Art. Active in education reform, he is a member of the Governor's Education Management Council, the Education Subcouncil of the Competitiveness Policy Council, and the Board of Overseers for the Amos Tuck School of Business Administration at Dartmouth College.

Albert F. Zettlemoyer
President
Paramax Systems Corporation
Senior Vice President
Unisys Corporation

Mr. Zettlemoyer is president of Paramax Systems Corporation, formerly Unisys Defense Systems, and is a senior vice president of Unisys Corporation. Paramax, a wholly owned subsidiary of Unisys, with headquarters in McLean, Virginia, provides advanced integrated systems, electronic products, professional services and life-cycle support, which enable its customers to manage complex information and make critical decisions in real time. Paramax's core markets include civil and defense agencies of the U.S. government, Canada and other nations.

Mr. Zettlemoyer was appointed acting president of Paramax in October 1992. Prior to this assignment, Mr. Zettlemoyer had been vice president, Corporate Planning, for Unisys Corporation, reporting to Mr. James A. Unruh, chairman and chief executive officer of Unisys. In this capacity, Mr. Zettlemoyer assisted Mr. Unruh in the rollout of the Unisys strategic and operating direction for the future.

Mr. Zettlemoyer joined Unisys Defense Systems in 1986 as vice president and general manager of the Computer Systems Division, now Electronic Systems, a division of Paramax. In December 1987, he was elected to the position of corporate vice president for Unisys.

Prior to joining Unisys, Mr. Zettlemoyer served IBM in various management and executive positions. He joined IBM as an electrical engineer in Owego, New York, and achieved increasingly responsible positions in development, material management, production and manufacturing engineering. At Owego, Mr. Zettlemoyer was promoted to assistant general manager, Avionics Systems, with responsibility for engineering and manufacturing of aircraft and missile navigation and guidance systems for the U.S. Navy, the U.S. Air Force and NASA.

Following his Owego assignment, Mr. Zettlemoyer was promoted to vice president and general manager, Shipboard and Defense Systems, and was responsible for the start-up of the IBM Manassas, Virginia, operation. At Manassas, he was responsible for marketing, engineering and production of aircraft and submarine systems for antisubmarine products and other Navy standard signal-processor products.

(Continued)

Albert F. Zettlemoyer (continued)

After his Manassas assignment, Mr. Zettlemoyer was promoted to vice president of the General Business Group, International, where he was responsible for line management of 10 manufacturing facilities in Europe, Canada, South America and Southeast Asia.

Later, Mr. Zettlemoyer was named IBM director of Corporate Manufacturing Staff. In this position, he directed worldwide manufacturing strategy and plant missioning for intermediate systems, personal computers, office products and supplies. Following this assignment, Mr. Zettlemoyer was appointed group director, Technology Planning, Information Systems Technology Group—his final position before joining Unisys. His responsibilities included technology planning and forecasting for all semiconductor and packaging activity for U.S. and world trade divisions.

Mr. Zettlemoyer earned a B.S. degree in engineering physics from Lehigh University. He also completed the Advanced Management Program at Harvard University.

Mr. Zettlemoyer currently serves on the board of governors of the Electronic Industries Association and is a director of the First Virginia Bank in Falls Church, Virginia.

1/93

NATIONAL COMMUNICATIONS SYSTEM
OFFICE OF THE MANAGER
701 SOUTH COURT HOUSE ROAD
ARLINGTON, VIRGINIA 22204-2198

IN REPLY REFER TO: NJ

22 April 1993

MEMORANDUM FOR DIRECTOR DEFENSE POLICY AND ARMS CONTROL, NATIONAL SECURITY COUNCIL

THRU: ASSISTANT SECRETARY OF DEFENSE (C3I) C. H. 27 APR 1993

SUBJECT: Membership Nomination to the President's National Security Telecommunications Advisory Committee

1. I received an April 15, 1993 letter from Ms. Laramie F. McNamara, Director of Federal Relations, TRW, Inc., nominating Mr. Joseph T. Gorman, Chairman of the Board and Chief Executive Officer of TRW, to be appointed a member of the President's National Security Telecommunications Advisory Committee (NSTAC). This nomination has been evaluated using the same criteria employed for past NSTAC membership determinations (see enclosure 1).

2. From the NSTAC's original inception in 1982, Dr. Ruben Mettler, the Chief Executive Officer of TRW at that time, was a member of the NSTAC until his retirement in 1988. TRW has not been represented on the NSTAC since then. Dr. Mettler's successor was the current nominee, Mr. Gorman, who felt he could not effectively support the NSTAC at that time, with all the additional responsibilities he had just acquired from Dr. Mettler. Reallocations of corporate responsibilities and his leadership in industry/Government activities have recently enhanced Mr. Gorman's opportunities to dedicate TRW's resources to NSTAC activities. As a Fortune 100 company, TRW's resources, including 60,000 employees, cover a significant mix of telecommunications infrastructure provisioning, satellite communications programs, ground based information systems, and production of advanced products supporting telecommunications technology. Mr. Gorman's leadership and TRW's resources would bring back to the NSTAC a deep and broad understanding of the evolving technological and telecommunications policy issues our Nation faces today.

3. Four of the thirty NSTAC positions authorized by Executive Order 12382 are currently available. We believe Mr. Gorman and the TRW resources he would commit to the NSTAC would help provide valuable insight to the President, and we therefore recommend that Mr. Gorman be appointed to represent TRW as a member of the NSTAC.

4. Please direct any questions or requests for additional information to Captain Harvey J. Gannon, USN, at (703) 692-9274.

Alonzo E. Short Jr.

ALONZO E. SHORT, JR.
Lieutenant General, USA
Manager

1 Enclosure:
NSTAC Membership Criteria

TRW Inc.

Executive Offices
1001 Nineteenth St North
Suite 800
Arlington, VA 22209
703.276.5100

April 15, 1993

LTG Alonzo E. Short, Jr., USA
National Security Telecommunications
Advisory Committee
8th Street & South Courthouse Road
Arlington, VA 22204

Dear General Short:

As you know, TRW's former Chairman, Dr. Ruben Mettler, was a National Security Telecommunications Advisory Committee (NSTAC) principal and, as such, TRW is well aware of the excellent framework that the NSTAC provides for joint industry government planning on national security and emergency preparedness telecommunications plans, policies and procedures.

TRW has been involved for several decades in the growth of the nation's telecommunications infrastructure in space, large scale ground-based networks, and advanced communication technology. TRW leadership in space communication is exemplified by such programs as global communication satellites for Intelsat, Tracking and Data Relay Satellites for NASA, Fleet Communication Satellites for the Navy, and most recently communication payloads for the Military Strategic, Tactical, and Relay Satellite (MILSTAR) for defense-wide application. In ground-based systems, TRW has provided communication systems engineering for the Army Worldwide Military Command and Control System and we operate a nationwide packet switching communication network for the delivery of consumer credit reports. In communication technologies we are leaders in microwave integrated circuits, diode lasers, electro-optics, image processing and highly advanced antennas. At TRW, telecommunications technology and expertise are fundamental to most of our advanced systems.

TRW is a Fortune 100 company. In 1992 the company had revenues of \$8.3 billion. Our 60,000 employees serve customers in more than 22 countries around the world.

TRW has the global insight, resources and the technical expertise to assure a quality, value-added contribution to the NSTAC mission. Therefore, I recommend that Mr. Joseph T. Gorman, Chairman of the Board and Chief Executive Officer of TRW, be appointed to the NSTAC. Mr. Gorman is well-known for his leadership in government industry alliances. In addition to other positions, Mr. Gorman is the Chairman of the U.S.-Japan Business Council and the Chairman of the Business Roundtable Task Force on Education. He is known in industry and government circles as not only a leader, but also a team player, and as one who is actively involved in policy issues of importance to our nation. Mr. Gorman will commit TRW's resources, including my time and energy, as a member of the Industry Executive Committee. Enclosed is a copy of Mr. Gorman's biography. Please contact me at (703) 276-5037 if I can be of any future assistance.

Sincerely,

Laramie F. McNamara

LFM:sph
Attachment

cc: Mr. Robert E. Allen

NATIONAL COMMUNICATIONS SYSTEM
OFFICE OF THE MANAGER
701 SOUTH COURT HOUSE ROAD
ARLINGTON, VIRGINIA 22204-2198

IN REPLY REFER TO: NJ

9 April 1993

MEMORANDUM FOR DIRECTOR FOR DEFENSE POLICY AND ARMS CONTROL, NATIONAL SECURITY COUNCIL

THRU: Assistant Secretary of Defense (C3I) C. Hawkins 27 APR 1993

SUBJECT: Membership Change of the President's National Security Telecommunications Advisory Committee

1. By letter dated March 9, 1993, Mr. James A. Unruh, Chairman of the Board and Chief Executive Officer of the Unisys Corporation, advised me of his intent to recommend that Mr. Albert F. Zettlemoyer, President of Paramax, a Unisys company, and a Senior Vice President of Unisys Corporation, be nominated to the National Security Telecommunications Advisory Committee (NSTAC). This position has been vacant due to the untimely death of Mr. Frederick F. Jenny earlier this year. Accordingly, it is recommended that Mr. Albert F. Zettlemoyer replace Mr. Frederick F. Jenny as Unisys' NSTAC Principal.

2. Please direct any questions or requests for additional information to CAPT H. J. Gannon, USN at 692-9274.

Alonzo E. Short, Jr.
ALONZO E. SHORT, JR.
Lieutenant General, USA
Manager

1 Enclosure:
Unisys Letter

James A Unruh
Chairman and
Chief Executive Officer

Rcv'd 16 Mar

UNISYS

Dir 3/17

NCS

NCS Distribution

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ACTION "A"
INFO MAR 18 REC'D

March 9, 1993

LTG Alonzo E. Short, Jr.
Director, Defense Information Systems Agency
701 South Courthouse Road
Arlington, Virginia 22204-2199

Dear General Short:

I would like to express the continuing interest of Unisys Corporation in membership on the President's National Security Telecommunications Advisory Committee (NSTAC). As you know, Fred Jenny, who had served as our representative on the Committee since 1986, passed away recently. I am pleased to nominate Albert F. Zettlemoyer as the Unisys representative on the NSTAC.

Al Zettlemoyer is President of Paramax, a Unisys company, and a Senior Vice President of Unisys Corporation. A recognized leader in the defense industry, Al's extensive experience in business management, program management, systems integration, manufacturing and international operations makes him exceptionally well qualified to represent Unisys on the NSTAC. Prior to joining Unisys in 1986, Al served IBM in various management and executive positions. His biographical data are attached.

Unisys is a leader in providing systems solutions to its customers, including many major telecommunications companies. We have extensive know-how in the full range of technologies that are driving the telecommunications revolution. I believe this corporate expertise is fundamentally relevant to the NSTAC's activities.

I am confident that Unisys continued membership in NSTAC, and Al Zettlemoyer's personal contribution and commitment, will be of significant value to the Committee. Please advise me of the Committee's decision.

Sincerely,

James A. Unruh

JAU/skd
Attachment

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9303417
RECEIVED: 14 MAY 93 07

TO: JUKES, J

FROM: ITOH

DOC DATE: 18 MAY 93
SOURCE REF:

KEYWORDS: SPACE POLICY
SPACE PROGRAMS

LEGISLATIVE REFERRAL

PERSONS:

SUBJECT: NASA PROPOSED TESTIMONY RE S-419 AERONAUTICAL TECHNOLOGY CONSORTUIM ACT OF 1993

ACTION: ITOH SGD MEMO

DUE DATE: 18 MAY 93 STATUS: C

STAFF OFFICER: JONES

LOGREF:

FILES: WH NSCP: CODES:

D O C U M E N T   D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		~~BELL~~
		EXECSEC
		JONES

COMMENTS:

DISPATCHED BY DATE 5/18 BY HAND W/ATTCH

OPENED BY: NSJDA CLOSED BY: NSMEM DOC 3 OF 3

UNCLASSIFIED

3417

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 18, 1993

MEMORANDUM FOR JAMES J. JUKES

FROM: WILLIAM H. ITOH

SUBJECT: NASA Proposed Testimony RE: S.419 Aeronautical Technology Consortium Act of 1993

The National Security Council has no objection to the NASA proposed testimony.

3417

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 14, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT G. BELL

FROM: STEVEN R. JONES

SUBJECT: NASA Proposed Testimony RE: S.419 Aeronautical Technology Consortium Act of 1993

OMB has submitted the proposed NASA testimony before the Senate Committee on Commerce, Science and Transportation for NSC comment. The first six pages regarding NASA R&D has already been cleared. The proposed testimony on pages 6 and 7 regarding the S.419 Aeronautical Technology Consortium Act of 1993 is a summary of that previously cleared by the NSC in action #3244 (Tab II).

Concurrence by: Jeremy Rosner

RECOMMENDATION

That you sign the memorandum at Tab I.

Attachments
Tab I Memorandum for Signature
Tab II NSC #3122
Tab III Incoming Correspondence

9 pages total

TESTIMONY

3417

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

May 13, 1993

TESTIMONY

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-445

TO: Legislative Liaison Officer -

COMMERCE - Michael A. Levitt - (202)482-3086 - 324
~~DEFENSE~~ - Samuel T. Brick, Jr. - (703)697-1305 - 325
TRANSPORTATION - Tom Herlihy - (202)366-4687 - 226
~~NSC~~ - William H. Itoh - (202)395-3723 - 249
NEC - Sonia Mathews - (202)456-6722 - 429
OSTP - Damar Hawkins - (202)456-6272 - 288

FROM: JAMES J. JUKES (for) Ji
Assistant Director for Legislative Reference

OMB CONTACT: Jeffrey WEINBERG (395-3457)
Secretary's line (for simple responses): 395-3454

SUBJECT: NASA Proposed Testimony RE: S 419, Aeronautical Technology Consortium Act of 1993

DEADLINE: 11 AM May 17, 1993

COMMENTS: NASA addresses S 419 on pages 6 & 7. The letter referred to on page 6 was circulated on May 7th. The first 6 pages of the testimony have previously been used by NASA at hearings on its authorizations.

OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or receipts for purposes of the the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:
Kathy Peroff
Jack Fellows
Bruce Campbell
Steve Isakowitz
Roger Adkins
Dan Corbett
Dave Tornquist

LRM #I-445

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

If your response to this request for views is **simple** (e.g., concur/no comment) we prefer that you respond by **faxing** us this response sheet. If the response is **simple** and you prefer to call, please **call the branch-wide line** shown below (NOT the analyst's line) to leave a message with a secretary.

You may **also respond** by (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); (2) sending us a memo or letter; or (3) if you are an OASIS user in the Executive Office of the President, sending an E-mail message. Please **include** the LRM number shown above, and the **subject** shown below.

TO: Jeffrey WEINBERG
Office of Management and Budget
Fax Number: (202) 395-3109
Analyst/Attorney's Direct Number: (202) 395-3457
Branch-Wide Line (to reach secretary): (202) 395-3454

FROM: ______________________ (Date)

______________________ (Name)

______________________ (Agency)

______________________ (Telephone)

SUBJECT: NASA Proposed Testimony RE: S 419, Aeronautical Technology Consortium Act of 1993

The following is the response of our agency to your request for views on the above-captioned subject:

________ Concur

________ No objection

________ No comment

________ See proposed edits on pages ______________

________ Other: ______________________

________ FAX RETURN of _____ pages, attached to this response sheet

DRAFT 5/11/93

Statement of
Mr. Daniel S. Goldin
Administrator
National Aeronautics and Space Administration

before the
Committee on Commerce, Science and Transportation
United States Senate

Mr. Chairman and Members of the Committee, it is my pleasure to be here today to discuss a subject of great interest, the competitiveness of our country's aviation industry. I would like to discuss the general situation facing the aviation industry, explain how we have structured NASA's FY 1994 Aeronautics Program to meet that industry's changing needs, and comment briefly on S.419, the Aeronautical Technology Consortium Act of 1993. We look forward to working closely with the Committee to ensure that NASA's Aeronautics Program is successful in meeting national needs.

Mr. Chairman, the message we want to leave with you today is that NASA and this Administration are deeply committed to strengthening aviation in this country, and we believe our strategy will accomplish that. Our objective is to improve U.S. competitiveness in civil aviation and enhance the safety and capacity of our National Aviation System by developing and commercializing high-payoff technologies. Because our work is done for industry or other agencies, we especially appreciate the value of our close working relationships with these partners. We understand well the importance of accountability, both to our partners and to the American taxpayers who foot the bill for our research programs. I want to assure you that NASA's aeronautics program is being managed to emphasize accountability and results.

As global competition increases, we will have to improve our ability to assist industry to commercialize technology. We are all painfully aware that Airbus beat us to the punch in commercializing, among other advanced technologies, fly-by-wire controls, a technology invented in the United States by NASA and DoD. To prevent this kind of occurrence in the future, we are now working harder at developing and validating new technologies for industry to commercialize, and we intend to do it faster, better, and cheaper than our competitors. NASA's Aeronautics Program can contribute by ensuring that commercialization by industry is an integral part of program planning from the very beginning, accomplished in cooperation with our partners. This is a change from the way we have done business in recent years -- a much needed change -- and exactly the tack we are taking.

Those of us in this room desire to improve competitiveness not just for its own sake, but because aviation is one of this country's most successful industries, largely thanks to a long history of Government-industry cooperation and innovative contributions from the university research community. We all know that over the past couple of decades, the world has changed in several significant ways, and our investment strategy -- both in dollars and the way we manage them -- must change to keep up. Military and civil aeronautics technology needs have diverged, which means the Department of Defense has reduced its investment in validating technologies with commercial potential. In addition, airlines have been deregulated, the Cold War is over, and the aeronautics industry has gone global. We must keep all of these factors in mind as we refocus and reinvigorate our national program of aeronautics technology research and development, in which NASA is an essential player.

As you are well aware, the U.S. aviation industry is huge. Aircraft manufacturers recorded over $95 billion in sales in 1992, contributing $28 billion to our balance of trade and employing one million people in high quality jobs. Long-range prospects for growth are very good: industry experts calculate that the global civil transport aircraft market will be worth more than $500 billion through 2005, approaching $1 trillion through 2015.

That's the good news. The bad news is that as the market grows, the U.S. is losing its share. In 1969, our market share was 91 percent. Today, it is 67 percent and falling. Airbus already holds 30 percent. Japan and Taiwan are attempting to enter this lucrative market, and even Russia may be able to compete for a share if it teams with another nation. While our aircraft manufacturers are hurting, the U.S. airlines are also facing grave difficulties; although the airlines generated substantial revenues of $75 billion in 1991, they still lost money.

The airlines' predicament highlights the fact that competition from foreign manufacturers is not the only challenge facing our aviation industry. We must improve the efficiency of our national aviation system, upgrade safety, and resolve environmental concerns as well. Advanced technology is a critical element of our response to all of these challenges. And NASA's role is to develop this technology. Clearly we must reverse the decline of U.S. aviation -- now -- by providing our industry the support it needs to remain a world leader.

Much of that support will come from NASA. I would like to turn now to the specifics of NASA's Aeronautics Program and its impact on industry's competitiveness. In FY 1994, our request for aeronautics is up 18 percent over FY 1993 funding. We will use this increase primarily to expand our civil aviation programs in three key areas: high speed research, subsonic research, and national facilities. There continues to be discussion in the aeronautics community over priorities; should subsonic or high speed research be our first priority? Our answer is that this is a false choice. We need to invest appropriately in both. Our program is, and must remain, carefully balanced to ensure the health of the aviation industry in the near-, mid-, and long term. In addition to our expanded activities in civil aviation, we continue our commitment to a crucial technology program with future civil and military applications, the National Aero-Space Plane. The final piece of our program is an expanded High Performance Computing and Communications Program which will speed development of the National Information Infrastructure. I will briefly go through each of these important areas.

<u>High Speed Research</u>

NASA's High Speed Research (HSR) program is leading the development of the highest risk technology that will allow industry to build an economical, environmentally friendly commercial aircraft that industry studies indicate will fly at two and a half times the speed of sound, carrying 300 passengers over 5000 nautical miles. The studies indicate a potential market of 315,000 passengers per day in 2000, increasing to 600,000 in 2020. This translates into 500-1000 High Speed Civil Transports (HSCT). This would be a big boost for the U.S. economy, if we are the ones who build it.

The main problem we need to solve before this kind of aircraft is feasible is pollution: air and noise pollution. Many of you may remember the Supersonic Transport program of the 1970s -- the SST. It was canceled because of environmental concerns; high speed transport engines can emit ozone-depleting nitrogen oxides (NOx) into the upper atmosphere and generate unacceptable levels of community noise, and the effects of the aircraft's sonic boom on people and animals are worrisome. Having learned our lesson with the SST, this time around we are addressing these crucial environmental concerns up front. Simply put, if this aircraft harms the environment, it cannot be built. To understand better the potential atmospheric effects, we are working in close coordination with NASA's Office of Mission to Planet Earth, the international scientific community, the FAA, the Environmental Protection Agency, the United Nations Environment Program, and the International Civil Aviation Organization. These studies will eventually lead to environmental certification requirements for future high speed transports. On noise, our goal is to enable industry to build engines that will meet FAR 36 Stage 3 requirements, the most stringent noise standards which currently apply to subsonic aircraft. This will mean that high speed transports can take off and land at any airport currently used by subsonic aircraft. Our Phase I environmental studies give us confidence that the emissions and community noise concerns can be adequately addressed; we are working closely with U.S. engine manufacturers to develop technology for cleaner, quieter engines and the results are quite promising. Regarding the sonic boom, although studies indicate this aircraft will be economically viable without flying supersonically over land, we are working on ways to soften the sonic boom to ensure minimal or no harmful effect on human and animal life from its operation.

While we continue working with industry to solve the environmental issues, in FY 1994 we plan to begin Phase II of the HSR program, which is aimed at developing the highest risk technologies that will help make this aircraft economically competitive with subsonic aircraft, and therefore profitable for industry to build and operate. In collaboration with industry and universities, we will develop and validate critical portions of new technologies such as advanced propulsion, new materials, improved aerodynamics, and cutting-edge flight deck systems. The FY 1994 budget request for the High Speed Research program is $187.2 million.

I'd like to emphasize our close cooperation with industry on the HSR program. While NASA will concentrate its investments in the early, high-risk stages of research and development, our partners in industry are planning to make a substantial investment in this program as well. We are working together to define technology priorities, and are sharing investment and risk. Companies are coming together as teams to meet the tremendous challenges of this program, rather than going it alone. For instance, a team of companies and universities is working on enabling propulsion materials. To meet anticipated environmental requirements, a future HSCT's engines must burn at very high temperatures; new ceramic matrix composite materials to withstand temperatures up to 3000 degrees fahrenheit must be developed. We are encouraging this team approach and anticipate that as the HSR program progresses many more teams will develop to meet other challenges. If funding and schedules remain steady, a U.S.-built High Speed Civil Transport aircraft could be certified by 2005, guaranteeing once again the preeminence of U.S. industry in the world aircraft market.

Subsonic Research

While HSCTs promise to be the wave of the future in long-distance air travel, subsonic aircraft will continue to handle the dominant portion of passenger traffic even after new high speed transports are flying. For that reason we are aggressively augmenting the Advanced Subsonic Technology program, an initiative begun in FY 1992, as well as our other work in subsonics. We are requesting $ 101.3 million for advanced subsonic technology which is focused specifically on giving back the competitive edge to U.S. companies by developing technologies that will increase aircraft efficiency, improve safety, and reduce development costs. Let me share just one example. Last year, in partnership with the FAA, we successfully flight-tested in Orlando and Denver three types of sensors for wind shear detection and avoidance. Results indicate that these sensors can provide up to 40 seconds of warning to a pilot, enough time to avoid the dangerous wind shear condition and possible disaster. When this kind of equipment is required to be put on aircraft, U.S. companies will have a technological advantage in the marketplace.

The Advanced Subsonic Technology program encompasses nine major technology areas: fly-by-light/power-by-wire, aging aircraft, composites, technology integration and environmental impact, noise reduction, propulsion, short-haul, terminal area productivity, and integrated wing. I'd like to specifically call out our new emphasis on both fixed and rotary wing short-haul aircraft technology. I have directed a task force of the Aeronautics Advisory Committee (AAC) to look specifically at fixed-wing short-haul aircraft, which should report this summer. On rotary wing (tiltrotor) aircraft, NASA is continuing to work with FAA on a technology development program to address critical issues for civilian tiltrotors. By the end of the summer, the AAC task force and NASA researchers will develop a comprehensive NASA/industry/ university research and development action plan, for implementation beginning in FY 1994, to help revitalize the important short-haul aviation industry segment. The objectives are to: 1) increase the national air space system capacity by expanding the role of fixed-wing and rotary short-haul aircraft through higher utilization of the air space and the large network of general aviation public-use airports; and 2) develop and apply technology to improve the safety and expand the utility of U.S.-produced short-haul aircraft. Key elements that technology must address are: improved safety, environmental compatibility, advanced user-friendly cockpits, advanced controls, performance efficiency, and lower initial and operating costs. This focused short-haul effort, together with new developments in the other high-payoff subsonic technology areas mentioned above, will make possible a safe, highly productive global air transportation system that includes a new generation of environmentally compatible, economical aircraft that are superior to foreign products.

I mentioned our partnership with the FAA on wind shear research earlier. Under a Memorandum of Understanding signed in 1990, we are working closely with the FAA in a number of areas of mutual interest. In FY 1994, we intend to expand our work on integrating cockpit and air traffic controls, enhancing safety by reducing human error, and reducing aircraft noise and emissions. We are continuing to work on improving safety in severe weather and predicting fatigue-crack formation and operating lifetimes for aging aircraft. For inspecting hard-to-reach aircraft parts, we are looking into advanced infrared, thermographic, ultrasonic, optical, and magnetic techniques. In addition, we are jointly evaluating a four-dimensional air traffic management system, developed at NASA, that will improve air traffic control, enabling more on-time arrivals and cutting aircraft fuel consumption. The FAA is currently testing this technology at the Dallas-Fort Worth and Denver airports. All of these programs contribute to aviation safety and the competitiveness of U.S. industry.

Aeronautics Facilities

Let me turn now to our national facilities. One way we can ensure that the U.S. aviation industry remains the best in the world is to maintain the best, most productive aeronautics research and testing facilities in the world. Our customers have told us that our facilities, especially our wind tunnels, are the single most important service NASA provides. However, our facilities are aging, and many were designed as research, rather then production, tunnels, and are therefore of limited use to industry in developing new aircraft. Newer European facilities, including subsonic wind tunnels in England, France, and the Netherlands and a new transonic wind tunnel to come on line next year in Germany, offer higher quality test conditions and productivity. To keep U.S. companies and their technology at home, we must upgrade the Nation's aeronautical testing capability. Our FY 1994 budget reflects this commitment, with $200 million for upgrades and planning of new facilities. I would like to mention two facilities that preliminary results from our National Facility Study indicate may be needed: a high Reynolds number subsonic tunnel and a high Reynolds number transonic tunnel. These facilities would be production tunnels, rather than research tunnels, meaning industry would be able to test large pieces of equipment at near-flight conditions and get a lot of data in a relatively short turn-around time. We also intend to invest in productivity upgrades to existing facilities and will continue studying future facility needs in partnership with industry and other government agencies. To help enable funding, deactivation of some existing unproductive facilities is also being investigated. The bottom line is that this Administration is committed to providing industry with the world's best testing capability.

Dual-Use Technologies

In addition to our strong commitment to civil aviation in this country, NASA's Aeronautics Program also encompasses important dual-use technology efforts, which are carried out for the Department of Defense or cooperatively with them. We will continue to develop and validate high priority dual-use technology that will improve the performance of future military aircraft while also benefitting the commercial aircraft industry.

Our largest cooperative program with DoD is the National Aero-Space Plane (NASP) program, which is dedicated to developing and demonstrating the enabling technologies for future operational hypersonic aircraft. Hypersonic vehicles may be the means of routine, efficient and responsive access to space for civil and/or military missions we are looking for. In the future, technologies developed by the NASP program may provide our industry with the capability to "leap-frog" the competition and develop an entirely new generation of aerospace vehicles. In addition, much of the research is applicable to aircraft operating in lower speed regimes and even to other industries. For instance, industry already has commercialized materials processing and computational methods developed under this program. We are strongly committed to continuing this beyond-the-state-of-the-art technology program, and with DoD and our team of five major industry partners are restructuring the program so it is affordable, realistic, and reduces technical risk. NASA's request for NASP in FY 1994 is $80 million.

High Performance Computing and Communications

The last program area I will briefly touch on is High Performance Computing and Communications. NASA is a major participant in this interagency program. In the field of aeronautics, high-performance computing will enable us to enhance industrial productivity and competitiveness by improving aircraft designs, compressing the design process, and cutting certification costs. We plan to invest our FY 1994 funding ($65.6 million) to speed development of our National Information Infrastructure, a Presidential initiative led by the Office of Science and Technology Policy. This work will benefit not only our industry, but will make major contributions to educating our future technical workforce as well.

University Research

This leads me to our investment in college education and university research. NASA's Aeronautics Program issues grants for specialized university research centers, student training (e.g., fellowships), and university investigators engaged in aeronautics research. In light of changing national needs, we are updating our university grants strategy to ensure that we encourage invention and innovation in the university research community and provide developing engineers with the skills, knowledge, and incentive they will need to be creative and productive in the workplace of the future.

S.419

As you can see, Mr. Chairman, NASA has an aggressive program in aeronautics which is closely tied to industry, universities, and other government agencies. We believe that pursuing this program, in close cooperation with our partners, will do much to strengthen the U.S. aviation industry. It is our opinion that these activities strongly support the basic goals of S.419, the Aeronautical Technology Consortium Act of 1993. NASA recently sent a letter to the Committee detailing the Agency's position on S.419. In brief, the Administration recommends delaying action until the National Commission to Ensure a Strong Competitive Airline Industry has reported; we believe that the Commission will address many of the concerns raised in the proposed legislation. In addition, pending the findings from the Commission, the Office of Science and Technology Policy (OSTP) plans to create an interagency mechanism within its existing mandate to address many of the key issues raised in S.419. NASA and the Administration share with the Committee a recognition of the dire situation facing the industry, and support the objectives of S.419. We are committed both to doing more to support the aviation industry and doing it better by fostering closer coordination of federal efforts. We believe NASA's Aeronautics Program, in the context

context of a comprehensive Federal effort coordinated by OSTP, will accomplish many of the bill's objectives; already NASA's industry, university and government partnerships are gaining momentum in that direction.

Conclusion

In conclusion, I would like to quote the Wall Street Journal of March 8, 1993, which stated: "The U.S. is the world leader in aircraft production and airline services." President Clinton and NASA intend to keep it that way, working closely with the Congress and U.S. industry to ensure that our program is properly focused on real national needs. Implementing a more aggressive and augmented NASA Aeronautics Program will not be easy, but it certainly is within our grasp. We need you to help by holding us accountable for every penny of taxpayer money we receive; this effort is too important to the Nation to tolerate anything but the most effective stewardship of scarce resources. We expect that good planning, strategic investments, and hard work -- by us and our government, university, and industry partners -- will pay off in a stronger, more competitive aviation industry. We look forward to working with the Committee to ensure that it does.

Thank you, Mr. Chairman. I will be happy to answer any questions you or other Members of the Committee may have.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 12, 1993

MEMORANDUM FOR JAMES J. JUKES

FROM: WILLIAM H. ITOH *Wale for*

SUBJECT: Revised NASA Proposed Report RE: S. 419, Aeronautical Technology Consortium Act of 1993

The National Security Council has no objections to the NASA review of the subject legislation.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 11, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT G. BELL

FROM: STEVEN R. JONES

SUBJECT: Revised NASA Proposed Report RE: S. 419, Aeronautical Technology Consortium Act of 1993

OMB has submitted the NASA comments on the proposed bill S. 419 for NSC comment. The bill, entitled the "Aeronautical Technology Consortium Act of 1993" would establish an Aeronautical Technology Program, consortium, OSTP-led coordinating committee and advisory committee.

The proposed legislation appears to overlap the recently formed national Commission on revitalizing the airline industry. It also duplicates in part the recently initiated OSTP-NEC Technology Policy working group on space and aeronautics.

Given these recent activities, coupled with the President's guidance to reduce the number of federal advisory committees, I concur with the NASA position that while supporting the objectives of S. 419, the proposed consortium and committees should not be formed until the Administration's ongoing initiatives have had a chance to work.

Copy Provided
Concurrences by: Keith Hahn, Jeremy Rosner

RECOMMENDATION

That you sign the memorandum at Tab I.

Attachments
Tab I Memorandum for Signature
Tab II Incoming Correspondence

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9303244 OMB
RECEIVED: 07 MAY 93 14

TO: JUKES, J

FROM: ITOH

DOC DATE: 12 MAY 93
SOURCE REF:

KEYWORDS: SPACE POLICY
LEGISLATIVE REFERRAL
SPACE PROGRAMS

PERSONS:

SUBJECT: REVISED NASA PROPOSED RPT RE S-419 / AERONAUTICAL TECHNOLOGY CONSORTIUM ACT OF 1993

ACTION: KENNEY SGD MEMO   DUE DATE: 11 MAY 93   STATUS: C

STAFF OFFICER: JONES   LOGREF:

FILES: WH   NSCP: CODES:

D O C U M E N T   D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		EXECSEC
		JONES

COMMENTS:

DISPATCHED BY WA   DATE 5/12   BY HAND   W/ATTCH

OPENED BY: NSASK   CLOSED BY: NSKDB   DOC 3 OF 3

UNCLASSIFIED

10 pages total

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

May 7, 1993

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-404

TO: Legislative Liaison Officer -

COMMERCE - Michael A. Levitt - (202)482-3086 - 324
DEFENSE - Samuel T. Brick, Jr. - (703)697-1305 - 325
ENERGY - Bob Rabben - (202)586-6718 - 209
JUSTICE - Faith Burton - (202)514-2141 - 217
STATE - Bill Keppler - (202)647-2137 - 225
TRANSPORTATION - Tom Herlihy - (202)366-4687 - 226
TREASURY - Richard S. Carro - (202)622-1146 - 228
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CEA - Francine Obermiller - (202)395-5036 - 242
NEC - Sonia Mathews - (202)456-6722 - 429
NSF - Lawrence Rudolph - (202)357-9435 - 248
OSTP - Damar Hawkins - (202)456-6272 - 288
USTR - Fred Montgomery - (202)395-3475 - 223
GSA - William R. Ratchford - (202)501-0563 - 237
SBA - Christine Swedin - (202)205-6702 - 315

FROM: JAMES J. JUKES (for) JJ
Assistant Director for Legislative Reference

OMB CONTACT: Jeffrey WEINBERG (395-3457)
Secretary's line (for simple responses): 395-3454

SUBJECT: REVISED NASA Proposed Report RE:
S 419, Aeronautical Technology Consortium Act of 1993

DEADLINE: NOON May 12, 1993

COMMENTS: This is a revised version of the report that was circulated on April 20th.

OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or receipts for purposes of the the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:

Kathy Peroff	
Jack Fellows	Bill McQuaid
Bruce Campbell	Cora Beebe
Steve Isakowitz	Bob Damus
arah Horrigan	Gary neth
Dan Corbett	John Pfeiffer

LRM #I-404

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

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You may also respond by (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); (2) sending us a memo or letter; or (3) if you are an OASIS user in the Executive Office of the President, sending an E-mail message. Please include the LRM number shown above, and the subject shown below.

TO: Jeffrey WEINBERG
Office of Management and Budget
Fax Number: (202) 395-3109
Analyst/Attorney's Direct Number: (202) 395-3457
Branch-Wide Line (to reach secretary): (202) 395-3454

FROM: ______________________ (Date)

______________________ (Name)

______________________ (Agency)

______________________ (Telephone)

SUBJECT: REVISED NASA Proposed Report RE:
S 419, Aeronautical Technology Consortium Act of 1993

The following is the response of our agency to your request for views on the above-captioned subject:

_______ Concur

_______ No objection

_______ No comment

_______ See proposed edits on pages _______________

_______ Other: ______________________________

_______ FAX RETURN of _____ pages, attached to this response sheet

Revised

NASA DRAFT REPORT TO OMB ON S. 419, 103rd Congress, 1st Session

L:KHS:tac

The Honorable Ernest F. Hollings
Chairman
Committee on Commerce, Science,
and Transportation
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The National Aeronautics and Space Administration (NASA) has reviewed the bill S. 419, the "Aeronautical Technology Consortium Act of 1993," which has been referred to your Committee. I would like to share the results of our review with you so that they may be taken into consideration during the Committee's upcoming deliberations.

S. 419 would require the President to establish an Aeronautical Technology Program, which is to be an interagency effort to coordinate and expand Federal research and development programs relating to aeronautical technologies and related manufacturing technologies. This Program would be implemented and administered by an Aeronautical Technology Coordinating Committee (the Coordinating Committee) composed of the Director of the Office of Science and Technology Policy (who is to be the Chairperson), the Secretaries of Defense, Commerce and Transportation, the Administrator of NASA, and the Director of the National Science Foundation.

One of the purposes of this Program would be to assist the United States' commercial aircraft industry in developing an industry-led Aeronautical Technology Consortium, and to provide Federal assistance to the Consortium and subordinate joint ventures for research and development and commercialization of aeronautical technologies applicable to large civil aircraft. The bill would also establish an Aeronautical Technology Advisory Committee to advise both the Coordinating Committee and the Consortium on the goals, activities and policies of each.

NASA recognizes the critical need to strengthen coordination among Federal agencies involved in aeronautical research and technology development in order to better support the U.S. aeronautical industry, and we strongly support the legislation's objectives in this regard.

As you are aware, the President has expressed his strong support for a healthy and highly competitive U.S. aviation industry. In fact, he has announced his plans to create a "National Commission to Ensure A Strong Competitive Airline Industry" to review all major facets of the aviation industry including tax, trade, regulatory and technology issues. We expect the members of the Commission to be announced shortly with findings and recommendations to be reported in a timely fashion soon after.

Have been announced

We believe that the Commission will address many of the concerns that are raised in the proposed legislation and therefore recommend that you delay action pending the Commission's report.

As for the specifics of this legislation, we are concerned with the following:

(1) Aeronautical Technology Consortium - We believe that creation of a consortium should be decided by industry market needs and not by statute. Although there are clear advantages to creations of consortia in general, to create one large consortium could prove restrictive, inflexible, and may in fact discourage industry participation. Instead, we recommend that consortia be formed on a case by case basis. For example, a team of U.S. companies and universities are currently working together on a NASA materials project for high-speed research.

Second, the bill cites the Sematech consortium as the model for the Aeronautical Technology Consortium. We believe that this comparison misses the distinctive features of the aircraft industry. Aircraft often require over a decade of research and technology development before a product is brought to market, unlike the semiconductor products which can be done in a few years or even months. Moreover, with the longer development horizon, it is significantly more difficult for aircraft companies to match government funding early in a program as required by the bill.

Finally, the bill's restrictive language regarding non-U.S. companies may unnecessarily inhibit U.S. companies from gaining access to aircraft markets that are controlled by governmental policies.

Therefore, we recommend the requirement for an Aeronautical Technology Consortium be adjusted to allow for industry to decide when to create it, who can participate, and which government programs it will apply to.

(2) Aeronautical Technology Coordinating Committee - The statutory creation of a Coordinating Committee at OSTP is premature and possibly unnecessary. Pending the findings from the Commission, OSTP plans to create an interagency mechanism within its existing mandate to address many of the key issues raised in the proposed legislation. We recommend you allow the OSTP Director the opportunity to create an appropriate coordinating mechanism, as is needed.

(3) Aeronautical Technology Advisory Committee - We agree that industry participation and input for government technology programs is needed to maintain the proper focus; however, we reserve judgement on its creation until the Commission has had

a chance to present its finding. Moreover, we must be cautious about creating new advisory committees since the President has recently directed that the number of federal advisory committees be cut by half.

While NASA supports the objectives of S. 419, there are several areas that we are concerned with. We have also identified some additional problems which should be clarified, and we have outlined them in the enclosure. We believe that these matters can be resolved and look forward to working with your Committee.

The Office of Management and Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this report to the Congress.

Sincerely,

Enclosure

SPECIFIC COMMENTS ON S. 419

AERONAUTICAL TECHNOLOGY CONSORTIUM ACT OF 1993

Section 4(b)(1) proposes a five-year National Aeronautics Strategy, but NASA has a 10-year Strategy enacted under title III of our Fiscal Year 1989 Authorization Act, and the Department of Defense has a six-year strategy. This seems redundant and inconsistent.

Sections 4(b)(1) and (2) duplicate the requirements of the National Aeronautics and Space Act, sections 102(b) and 203(c)(8), regarding coordination of Federal aeronautical research and development, and places the responsibility with the new Coordinating Committee. This seems to create redundant activities.

Section 5(j), dealing with the Freedom of Information Act (FOIA), should be deleted. The FOIA already provides protection for the confidential information that this bill seeks to protect. This section would have the FOIA be inapplicable to confidential information obtained from Consortium members; this same information is already protected by exemption 4 of the FOIA. Perhaps the legislation meant to protect confidential information developed by the Consortium with partial Federal funding. If so, this section should be rewritten.

We recommend that section 5(k), Intellectual Property, be redrafted. Subsection 5(k)(1) broadly groups intellectual property (trade secrets, technical data, etc.) and forbids disclosure of such property. Intellectual property should be carefully defined. Intellectual property includes patents and trademarks, which by definition cannot be held in confidence. To protect against disclosure of important information, the protected intellectual property should be described as "trade secrets or commercial or financial information that is privileged or confidential."

The second sentence of subsection 5(k)(2), reserving a Government purpose license for reprocurement, is fairly standard, but the last clause ("but shall not...publicly disclose proprietary information related to the license") would appear to impede the reprocurement rights. A Request for Proposals for a reprocurement must disclose some proprietary information in order to allow bidders to bid on the reprocurement.

Subsection 5(k)(3) needs to be clarified. Contrary to the language of subsection 5(k)(2), this subsection states that nothing in subsection (k) shall be construed to prohibit the licensing to any company--including foreign companies, presumably--of intellectual property rights resulting from Consortium efforts.

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RECEIVED: 11 MAY 93 08

TO: LAKE

FROM: HAHN
BELL

DOC DATE: 11 MAY 93
SOURCE REF:

KEYWORDS: MARITIME

PERSONS:

SUBJECT: MARITIME REVITALIZATION PROGRAM

ACTION: NOTED BY BERGER

DUE DATE: 14 MAY 93 STATUS: C

STAFF OFFICER: HAHN

LOGREF:

FILES: PA NSCP: CODES:

D O C U M E N T   D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		BELL HAHN NSC CHRON

COMMENTS:

DISPATCHED BY ____________ DATE ________ BY HAND W/ATTCH

OPENED BY: NSJDA CLOSED BY: NSMEM DOC 1 OF 1

3298

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 11, 1993

Deputy Natl Sec Advisor has seen

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: ROBERT BELL RGB

FROM: KEITH HAHN KH

SUBJECT: Maritime Revitalization Program

In a phone call to Bob Rubin on Saturday, Secretary of Transportation Pena asked that an NEC Deputies meeting be convened to consider the proposed DoT Maritime Revitalization Program. This meeting will be held at 1:30 p.m. today in Room 324, OEOB. An NEC Principals meeting is tentatively scheduled at the same time and place for Wednesday.

Secretary Pena wants to take immediate legislative action on the proposed DoT program (outlined on pages 4 and 9, Tab I) to avoid U.S. shipping companies shifting their flags to another country and having replacement ships built at overseas yards. While not mentioned in the working group discussions, the reason Secretary Pena is pressing for this early NEC meeting is probably the recent announcement by American President Lines (APL) that it is negotiating with German and Korean shipbuilders to build six containerships similar to the five built for APL in Germany in the late 1980s with the help of significant subsidies from the German Government. APL and SEALAND have also been threatening for over a year to shift their flags to another country.

From a national security perspective, the primary concern is the issue addressed in the first section of Tab I dealing with Carriers and U.S. Seafarers. DoD has delayed providing the working group with an estimate of national security sealift requirements until the Bottom-Up Review is complete and they have a better understanding of the force structure that will need to be supported. Last year's analysis of U.S. sealift requirements was based on the Base Force and the requirement to respond to two simultaneous major regional contingencies without allies.

In the section dealing with Carriers, the DoT proposal with the largest cost associated is the Operating Differential Subsidy Program. At Tab II, John Deutch has registered his strong objection to drawing on DoD funds for this program. In last year's analysis, DoD identified a requirement for approximately

23 ships. Using this number, DoT estimated that about 70 ships would be needed to meet U.S. national security requirements (based on the premise that only one third of the ships would be immediately available to be loaded up at U.S. ports at any one time). At $2.5M/year/ship, DoT would have DoD provide $175M/year for this program. With this much money at stake, DoD argues that it would like to consider other options for providing the necessary sealift (e.g., build and lease programs).

The Operating Differential Subsidy Program is not the only part of the proposal that has national security ramifications. It is, however, the key component of DoT's overall program. DoT has leaned heavily on the national security requirements for a domestic flag fleet because other arguments (preserving jobs and promoting exports) have not withstood interagency working group scrutiny.

Copies provided

Concurrences by: Bob Kyle and Steve Jones

RECOMMENDATION

That you support the option to delay any legislative proposal until the end of the summer (for reasons outlined on page 6 of Tab I). The DoD Bottom-Up Review, due out in July, hopefully will provide a clearer picture of the national security sealift requirements.

Attachments

Tab I	Background Memo
Tab II	Letter from John Deutch, April 28, 1993

BACKGROUND MEMO --- PRELIMINARY DRAFT --- May 8, 1993

The DOT Maritime Revitalization Program is designed to provide a comprehensive overhaul of maritime policies affecting carriers (ship operators) and seafarers, shipyards, and shippers. Although many of the proposals affect all of the groups, they are presented in separate sections below.

1. CARRIERS and U.S. SEAFARERS

Background

The U.S.-owned oceangoing fleet has declined steadily since the end of World War II. Between 1970 and 1992 alone, the U.S.-owned fleet fell from x vessels to about y vessels.

The U.S.-flag fleet has declined even more rapidly than has the U.S.-owned fleet. Between 1970 and 1992, the U.S.-flag fleet shrunk from 18 major operators employing 430 vessels to six major operators with 130 vessels, while the number of active seafarers declined from about xx,000 to nearly 27,000. About 40 percent the U.S.-owned fleet now flies under the U.S. flag.

A significant portion of the decline in ships and jobs came about because of increases in productivity. Between 1970 and 1990, the total tonnage carried about U.S.-flag ships rose from 11.8 million to 15.9 million. Despite the productivity increase, the U.S.-flag share of U.S. foreign trade fell from 23.5 percent to 18.6 percent.

The U.S. fleet can be roughly divided into two categories of ships--liners and bulkers. Liner ships are principally those designed to carry goods in containers. Bulkers usually carry loose cargo such as grain, ores, and liquids.

The federal government now subsidizes both types of carriers through a variety of programs, including:

1) *Operating Differential Subsidies.* Under the ODS program, the federal government entered 20 year contracts with U.S.-flag operators. These contracts provided that the federal government would pay the difference between wages on U.S.-flag ships and wages on the [highest paid?] foreign flag ship; in some cases, the government also undertook to pay the differential on other costs such as maintenance and repair. ODS contracts now cover 54 liner ships and 29 bulk ships. ODS payments in 1993 are expected to total $244 million, for an average per ship subsidy of just over $3 million.

To qualify for ODS payments, vessels must meet a number of restrictions. ODS vessels must:

- o be U.S.-built, U.S.-flag, and at least 51 percent owned by U.S. citizens.
- o provide service on "essential trade routes".

- o receive approval from the Maritime Administration before altering trade routes.
- o not affiliate with foreign-flag "feeder" service.

2) *Ocean Freight Differential (cargo preference) program.* Cargo preference laws require certain federal programs to ship at least 50 percent of their cargo on U.S.-flag ships. In 1993, cargo preference requirements will increase government shipping costs by about $590 million. These costs will be borne by the Depratments of Defense ($x million), Agriculture ($x million), Transportation ($x million), State ($x million), and Agency for International Development ($x million).

Cargo preference subsidies provide about 10 percent of U.S.-flag liner revenues, and about x percent of U.S.-flag bulker revenues.

3) *Capital Construction Funds (CCFs).* Owners of U.S.-flag, U.S.-built ships may shelter income by placing it in a CCF. Taxes on both the income placed in a CCF and the interest earned by the CCF are defered until the CCF balances are withdrawn to purchase a ship. CCF balances are now approximately $x billion.

4) *Title XI.* Under this program, the federal government guarantees private loans made to the purchasers of U.S.-built ships. No loans have been guaranteed under this program since xxxx. As of March 31, 1993, the government's outstanding contingent liability under this program stood at $x.y billion.

5) *Jones Act.* Like most other seafaring nations, the U.S. provides cabotage for its ship operators--all domestic waterborne trade must be carried on U.S.-flag, U.S.-built ships. The Jones Act fleet accounts for more than 40 percent of the privately-owned oceangoing U.S.-flag fleet. Jones Act restrictions imposed costs on the U.S. economy estimated at $x billion per year.

6) *The Shipping Act of 1984.* The Shipping Act allows participation by U.S. carriers in international shipping cartels, known as Conferences. The effect of the Act on shipping prices is a matter of dispute. The Department of Justice estimates that the Act raises shipping prices between 10 and 15 percent, providing U.S.-flag carriers with a subsidy valued at $x million per year. The Federal Maritime Commission disputes these results, however, and asserts that Conferences have little effect on long-term shipping prices.

Rationale for Action

Subsidies for the U.S.-flag fleet have long been justified on the grounds that they meet a defense need and support the U.S. economy. Only the defense rationale bears up under analysis.

Defense. The U.S. military relies on both government-owned and privately-owned vessels to meet its emergency shipping needs. These ships need not be U.S.-flag. The government has wide powers to requisition or purchase any ship owned by U.S. cititzens when "the security of the national defense makes it advisable."

In addition to these broad legal powers, the U.S. subsidizes U.S.-flag ships in order to secure contingent sealift capacity. Using subsidies provides a number of advantages over a simple reliance on the legal power to requisition. First, U.S.-flag ships provide the added security of being crewed by U.S. citizens. Second, subsidies can create a contractual obligation that allows the government to avoid the continuing legal debate on the meaning of "owned by the citizens of the United States."

Preserving Jobs. Ships receiving ODS payments now employ approximately 16,000 people. New subsidies would ensure the continuation of these seafaring jobs. Barring any new subsidies, these ships would likely switch to foreign crews after 1997.

Government subsidies to protect an industry will increase social welfare if an industry is characterized by "spillovers," so that activity in the industry improves the performance of the economy as a whole. In such cases, the cost of subsidies may be offset by the spillover benefits that accrue from higher industry output. At this point, however, the Group has found no evidence of spillovers in the carrier industry.

A case also can be made for providing an industry with transitional assistance. But subsidies for carriers are designed to preserve the status quo: the primary rationale for these subsidies is that higher wages and better working conditions put U.S.-flag carriers at a continuing competitive disadvantage. To date, the Group has not been able to construct a scenario in which the industry would not reflag at the end of any proposed program.

DELETE

[Finally, some argue that subsidies should be provided to certain "high-wage" industries. In those industries where the wage differential cannot be explained by the skill levels of the workforce, and where the wage differential persists both over time and across countries, offering subsidies may provide benefits that exceed their costs. Not all high-wage industries, however, should be subsidized. If wages are high because of monopoly power or some other welfare reducing characteristic of the industry, then the benefits of subsidizing the industry will not be worth the cost.]

[Wages are relatively high on U.S.-flag carriers, but not on foreign flag carriers. U.S.-flag wages are high in part because of existing U.S. subsidies (carriers receiving ODS payments have few incentives to control labor costs). To the extent that industry wages simply reflect government subsidies, further payments to carriers will transfer money from taxpayers generally to the carrier industry and its employees, with no benefits to the economy as a whole.]

Given these findings, if carriers were subsidized simply to "preserve jobs", the Working Group would be unable to identify the grounds by which the Administration could refuse to subsidize every other industry that suffers job losses.

Promoting U.S. exports. Some have argued that a U.S.-flag fleet promotes U.S. exports, on the ground that the absence of a U.S.-flag fleet would allow other countries to price discriminate against U.S. exporters. Given the number of players in world shipping markets, however, the emergence of an effective cartel is highly unlikely. Finally, while U.S. shipper groups have stated their desire to work with a fleet that is U.S.-owned, they have expressed little concern about whether that fleet is also U.S.-flagged.

Level the Playing Field. Many of our major trading partners provide direct subsidies to their commercial carriers. Extending similar subsidies to our own carriers would allow U.S.-flag ships a greater chance in world markets. Are the benefits of remaining competitive in U.S. foreign trade shipping worth their cost? The answer must be found in the rationales discussed above: securing the defense, preserving jobs, and promoting exports.

OPTIONS

The Group has considered two options. Under the first option, the Administration would immediately submit to Congress the DOT's "Martime Revitalization Program," a comprehensive package of subsidies and statuatory changes designed to meet U.S. defense needs for contingent sealift capacity and support U.S. maritime industries. Under the second option, the Administration would delay submission of legislation until the end of the summer, by which time the Administration will have completed its review of defense needs and other issues affecting various segments of the maritime industry.

(1) DOT's "Maritime Revitalization Program" for Carriers

DOT would like the Administration to move forward with legislation to support various segments of the maritime industry. DOT believes that immediate action is needed if the U.S. is to retain a U.S.-flag fleet beyond 1997.

In each of the next ten years, the DOT program would subsidize 90 liner ships and 20 ship-years of bulk operations. DOT believes that this is the number of ships needed to meet defense requirements for sealift capacity. The DOT program would subsidize carriers in a variety of forms, including direct per ship payments, loan guarantees, new tax preferences, and revised cargo preference provisions.

1) *Offer liners new contracts* totalling $2.1 billion over ten years. The contracts would provide annual per ship payments of $2.5 million during the first 4 years, and $2.0 million during the last 6 years. Contracts would cover 90 liner ships. By providing a flat per ship

payment rather than basing the subsidy on the difference in costs between U.S.-flag and foreign-flag operations, the new DOT program would create incentives for carriers to become more efficient.

Existing ODS restrictions would be relaxed:
- o operators could receive subsidies on two new foreign-built ships for every one new U.S.-built ship in the program.
- o restrictions on trade routes would be eliminated; restrictions on foreign-flag feeders would be relaxed.

While other restrictions would be added:
- o U.S.-built vessels could be no more than 15 years old; foreign built ships could be no more than 5 years old.

2) *Offer bulkers new contracts* totalling $400 million over ten years. In each year, the contracts would support 20 ship-years of bulk operations. The contracts would have the same features as the liner contracts except that only newly constructed vessels would be eligible.

3) *Provide New Funds for Loan Guarantees*
- o Fund Title XI loan guarantees at $75 million in FY94 and $50 in FY95 and FY96. Guarantees would be extended to new U.S.-built ships, both liners and (in an expansion of current law) bulkers.

4) *Provide new tax preferences.* Three tax provisions would be liberalized, one provision would be tightened. Treasury estimates that, on balance, the tax changes would lose at least $x million per year. The changes include:
- o allowing the use CCF funds for lease payments.
- o repealing CCF adjustment under the AMT.
- o changing depreciation rules to provide four-year cost recovery for vessels.
- o taxing accumulated CCF earnings.

5) *Alter Cargo Preference Programs*
- o Issue an executive order directing all federal agencies to adhere to the "letter and spirit" of cargo preference laws. While the purpose of such an order would be to include a greater amount of cargo under preference provisions, the Group has not yet receive any information about how this order would change the cost of cargo preference programs for different agencies.
- o Allow foreign built ships to be eligible immediately for preference cargoes.
- o Work with other agencies to achieve administrative savings in cargo preference programs.

6) *Move towards international standards on construction, stability, and manning.* Adopting international standards would lower carrier costs for both ship acquisition and ship operations.

(2) Delay submission of any legislative proposal until the end of the summer.

This option would delay making any legislative proposals until the end of the summer--after the DOD had completed its "bottom-up" review of defense needs, and (since many of the carrier provisions in the DOT proposal are in fact designed to subsidize U.S. shipyards) after the Administration has completed its Congressionally-mandated study of policies that could return U.S. shipyards to commercial viability.

The rest of the Group does not agree with DOT's conclusion that delaying a few months (and thus pushing any new funding from FY 1994 to FY 1995) would substantially harm the ability of the U.S. to retain a flag fleet beyond 1997. Which view is correct depends on the number of ships that will be ordered between now and whenever legislation is submitted to the Congress.

The reflagging of existing ships is a simple and relatively inexpensive process as long as the ships conform to U.S. standards. But if U.S. carriers order new ships built to international standards rather than U.S. standards, those ships will never be registered under the U.S. flag. The Group agrees that the major U.S. carriers are poised to acquire significant numbers of new ships. The Group does not agree with DOT's view that most of these acquisitions will take place before the fall (even after firms agree to purchase ships, the firms have some time before they need to specify whether the ships are to be built to U.S. or other standards).

The delay option is motivated solely by a concern that the Administration does not yet have the information needed to assess whether the DOT proposal will achieve its stated ends in the most cost-effective manner possible.

First, the Group does not yet know DOD's requirements:

- The DOD is currently reviewing its sealift requirements. Since the funds needed to support "requirements" for all purposes exceed the DOD budget, DOD must make tradeoffs among the possible uses of its limited resources. DOD would like these tradeoffs to be informed by the results of its bottom-up review. While DOD would be grateful for the sealift capacity that would be available under the DOT proposal, DOD has not yet decided that this capacity represents the best use of scarce defense resources. (The subsides for bulkers, for example, at this point appear to be an especially unwise use of defense resources, for DOD included no bulkers in its most recent Military Requirements Study.)

Second, the Group cannot yet assess whether the DOT plan is the most cost-effective means of acquiring sealift capacity:

- DOD is currently evaluating the cost of alternative means of meeting its sealift requirements (e.g., greater reliance on ships that are either U.S.-owned but foreign flagged, or are part of the "effective U.S. controlled" fleet; increasing the Ready-Reserve Fleet; establishing Merchant Marine reserve crews)
- the Group does not yet know the minimum amount needed to prevent reflagging by U.S. carriers (though the industry itself states that $2.5 million per ship per year, with indexing for inflation, would be needed if all of the other financial supports in DOT proposal were granted).
- experience with other industries suggests that the DOT proposal could be more cost effective if the payments to carriers were determined by an open bidding process.
- the tax proposals are specified so broadly that Treasury has been unable to complete a revenue estimate. The proposals appear to be bad tax policy (e.g., allowing CCF to be used for lease payments would permit beneficiaries to arbitrage tax benefits, something the Administration would not wish to see in other circumstances). The Group has yet to find a reason why the benefits provided by these proposals should not be granted instead through additional direct subsidies, thereby avoiding the deadweight economic loss incurred by tax expenditures.
- OMB cannot yet estimate the cost of the loan guarantees with any degree of confidence. <u>[if further study will not give OMB a better handle on this, we drop this par. and just live with what we have]</u> The Group has not yet considered other mechanisms by which the federal government could write down the cost of U.S.-built ships.
- the Group does not yet know the cost to different agencies of adhering to the "letter and spirit" of cargo preference laws. Several agencies, including Department of Agriculture and the Agency for International Development, strongly oppose the continuation of cargo preference, much less a "letter and spirit" Executive Order. These agencies--along with DOD, OMB, CEA, and others--argue that both foreign aid and support for U.S.-flag carriers could be made more efficient by separating the two programs. Agriculture and AID have stated their willingness to see their budgets reduced by the amount of their cargo preference expenses in exchange for converting cargo preference subsidies to direct payments to carriers.

Finally, adopting international construction standards would clearly help carriers, but at what cost to U.S. labor and other affected parties? The Group has not yet considered the evidence on this issue (though the Group suspects that, in the end, this proposal may be uncontroversial).

<u>SHIPYARDS</u>

<u>Background</u>

The U.S. ship-building industry is not competitive in the global commercial market. Since

1960, U.S. shipyards have produced no commercial, ocean-going ships for non-U.S. owners. They continued to remain in the construction and repair business for the U.S.-flag fleet thanks to a variety of subsidies, many of which also benefit US carriers and mariners. These subsidies include:

1) *The Jones Act*, which requires domestic waterborne trade to be carried on U.S.-built ships;

2) *Title XI*, which provides federal guarantees of private loans made for the construction of U.S.-built ships;

3) *Operating Differential Subsidies*, which are made available only for U.S.-built vessels;

4) *Capital Construction Fund (CCF)*, which can be used only for U.S.-built ships;

5) *Cargo Preference Programs*, which require foreign-built vessels to wait 3 years before they can carry preference cargos;

6) *Ship Repair Tariff*, under which the U.S. Customs Service levies a 50 percent tariff on the costs of repairs made to U.S.-flag vessels in foreign shipyards. In 1991, tariffs on foreign repairs amounted to $21.1 million.

7) *Construction Differential Subsidy (CDS)*. Until 1981, the federal government underwrote the extra cost imposed by building ships in U.S. yards instead of foreign yards. The CDS program expired in 1981.

During the 1970s, U.S. yards had either on order or under construction an average of 72 merchant ships a year. With the elimination of the CDS in 1981 and the rising demand for ships by the U.S. Navy, construction of merchant ships in U.S. yards fell to 21 ships a year. Since 1988, there have been only 7 merchant ships either on order or under construction in U.S. yards. (The number of naval ships, by contrast, rose from an average of 79 per year in the 1970s to an average of 95 a year in the 1980s). Notwithstanding the rise in naval orders, industry employment has fallen steadily in the last decade. Between 1982 and 1992, the number of workers employed in the shipbuilding business has fallen from 167,000 to 118,000.

In 1993, U.S. shipyards have a backlog of 87 naval vessels. However, plans forward by the Bush Administration called for the reduction in naval construction of 30-40 naval ships a year in the late 1990s. DOD's bottom-up review will provide a more accurate figure. Even under the previous scenario, the projected decline in demand for ships by the Navy in the 1990s would leave U.S. yards with substantial excess capacity.

Rationales for Action

1) *Defense Conversion and Reinvestment.* Shipyards are not now competitive in the production of commercial ships on the basis of delivery time, quality, or price. The ITC estimates that U.S. bid prices for commercial ships average 97 percent more than comparable world bids. (Price differentials are lower for some types of ships.)

A number of studies project an increase in worldwide demand for new commercial ships, due to the aging of the existing fleet and new enviornmental regulations. This new demand offers an opportunity for U.S. yards, if they are able to reduce costs, increase quality, and speed up delivery time.

2) *Level the Playing Field.* Many foreign governments provide subsidies to their shipyards. Using OECD data, the ITC estimates that these subsidies cover an average of 5.9 percent of costs. Using Shipbuilders Council data (which overstate the value of some subsidies), the ITC estimates that these subsidies cover an average of 23.5 percent of the costs. Since 1989, the U.S. government has participated in OECD negotiations to phase out shipbuilding subisdies. All members of the Working Group believe that the United States should continue to urge its trading partners to bring these negotiations to a successful completion.

OPTIONS

The Working Group considered two options. The option advanced by DOT would provide immediate assistance to the shipbuilding industry. The second option would delay action until a date closer to the time that the Congressionally-mandated working group on the U.S. Shipbuilding Industry issues its report to Congress on (or before) October 1, 1993.

(1) Immediate Assistance for Shipbuilding Industry

The DOT proposes a variety of measures to provide immediate support the U.S. shipbuiding industry. These measures include:

1) *Enact U.S. legislation that provides redress against foreign shipbuilding subsidies* (through the application of anti-dumping laws, counter-veiling duties, and other penalties) to provide a lever for U.S. negotiators.

2) *Funding for shipbuilding R&D projects by ARPA, with subsidy for payments to U.S. shipyards building ships for the new program.* The R&D component is designed to solve the shipyards' need for new technology, production techniques, and vessels designs. The proposed subsidies (which include loan guarantees, performance bonds, and CDS) are intended to offset the higher costs of building in the U.S. shipyards until they become more competitive. Although some proposals may not need such support, ARPA has projected

that the potential total cost of the program for 1993-2001 could reach $2.5 billion. Approximately half would consist of R&D support to be funded by the Technology Reinvestment Program; the other half would consist of payments to offset higher production costs to be funded by DOT. The program provides several decision points at which time all funding could be ended.

3) *Domestic-build requirements.* For 5 years, U.S. carriers participating in the new payment program would be required to build 1 vessel in a U.S. shipyard for each 2 they bild in foreign yards. DOT would provide subsidies covering up to 50 percent of cost differential in year 1 declining to 10% in year 5. The program is expected to provide work for U.S. yards before 1995--the year in which ARPA expects its first funded ships will be built. The program, which is anticipated to lead to the building of approximately 15 to 20 ships, is designed to reduce opposition to the purchase of foreign ships by U.S.-flag carriers. It also includes a sunset option.

4) *Provide New Funds for Loan Guarantees.* Fund Title XI program at $75 million in each of FYs 1994 and 1995, and at $50 million in FY 1996, with guarantee authority carrying over until all funds expended. Although DOT is not sure whether shipyards can provide the necessary collateral, it views loan guarantees as a low cost way of helping U.S.-flag operatiors attract capital to finance acquisition of U.S.-built ships.

5) *Reaffirm support for the Jones Act's U.S.-build requirements.*

6) *Adopt tax incentives described above under "CARRIERS."*

(2) Delay Legislative Proposal until Submission of Congressionally-Mandated Plan

No legislative proposal would be made until the end of the summer, after DOD has completed its "bottom-up" review, and after the Congressionally-mandated Administration interagency working group had completed its study of the U.S. shipbuilding industry.

In reviewing the DOT proposal, many Working Group members noted that substantial past subsidies did not enable shipyards to become commercially viable. In light of the proposed subsidies, opponents of the DOT program may be tempted to argue that it is designed less to assist the conversion of the shipyards than to overcome their opposition for more programs for the carriers.

The National Defense Authorization Act for FY 93 requires the President to set up a working group for the sole purpose of examining these issues and, by October 1, 1993, proposing a plan to assist the revitalization of the U.S. shipbuilding industry. Delaying action provides this group with the opportunity to gain a better understanding of the problems facing the industry and therefore to evaluate whether the program suggested by DOT and ARPA will actually work.

No immediate action is required. Since, under the Technology Reinvestment Program, ARPA will not receive its preliminary proposals from yards until June, the additional time is likely to yield a more accurate estimate of the cost of the ARPA program.

SHIPPER ISSUES

Background.

Since 1936, the U.S. has allowed U.S. carriers to participate in international shipping cartels known as conferences. The law regulating conferences was last amended in 1984. In 1990, the BIG TITLE brought together carriers and shippers to seek consensus on further changes to the Act. No agreement was reached.

Shippers continue to press for relief from strictures imposed by the Act, and are likely to try and block any new subsidies for carriers without some action to address their concerns.

Carrier conferences impose welfare losses that remain unquantified. The Department of Justice argues that conferences increase in shipper costs by 10-15 percent. In contrast, the Federal Maritime Commission notes language in the 1984 Act that bars conferences leading to "unreasonable reduction in transportation service or unreasonable increase in transportation cost," and argues that conferences have little long-term effect on carrier rates. In echoes of earlier debates, the Commission claims that deregulation would spur an initial round of price cutting followed by consolidation and price increases that leave shippers no better off than before). The Group does not yet agree on the validity of the extant empirical evidence.

Rationale for Action

If the Shipping Act does impose net economic losses, the Administration may wish to propose changes to the Act. Moreover, such changes may ease Congressional passage of whatever support the Administration deems warranted for carriers and shipyards.

OPTIONS

(1) Immediately Call Shippers and Carriers to Work Towards Consensus Reforms

This would allow the other elements of the DOT plan to go forward with some recognition of the concerns of shippers.

(2) Delay any Announcement Pending Review of Recommendations by Executive Agencies

on Reforming the Shipping Act

The Department of Justice, the CEA, and major government shipping agencies have recommended that the Administration review the various deregulatory changes to the Shipping Act. Making no announcement now would allow the Administration time to develop its position on these issues. Moreover, if deregulation were desired, it could probably be achieved more easily if it were combined with new subsidies for carriers and shipyards.

ACQUISITION

THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301

APR 28 1993

Honorable W. Bowman Cutter, III
Deputy Director to the President
for Economic Policy
Room 231
Old Executive Office Building
Washington, DC 20500

Dear Bo:

I understand that the Secretary of Transportation is proposing an initiative to revitalize the U.S.-flag maritime industry of the United States and that this revitalization initiative is currently being reviewed by a National Economic Council interagency working group.

One of the proposals in the initiative discusses a new federal assistance program which would replace the current Operating Differential Subsidy Program for ship operators which is funded by the Department of Transportation (DOT). This new program would provide a $2 million to $2.5 million per year subsidy to approximately 110 ships at an estimated cost of $2.5 billion over 10 years. Since there are apparently no funds identified for this subsidy, offsets from Department of Defense (DoD) or some other government program would be required.

Another proposal could result in the funding of a portion of the program's shipbuilding initiative from the DoD budget on the basis that there are important "dual-use" aspects of the commercial shipbuilding industry which could merit the use of defense conversion funds to offset the differential between U.S. and foreign shipbuilding costs.

You know that I strongly support exploration of all legitimate "dual-use" initiatives; however, I must resist extending subsidies to other programs, no matter how worthy from a commercial viewpoint, that do not meet a significant military need in the long or short term. If the Department determines that the subsidies suggested in the maritime revitalization proposals, which I have discussed, do not serve a valid military need, or are not the most cost-effective options, I intend to oppose DoD participation in the funding of these two initiatives.

If the DOT believes that federal assistance can materially improve the competitiveness of the U.S. commercial ship building industry and ship operators, and such a program meets Administration priorities, funding should be included in the DOT budget.

I would appreciate hearing your views on how I should proceed in this matter.

Sincerely,

John M. Deutch

cc:
Dr. Gordon Adams, OMB
Mr. Robert Bell, NSC
Ms. Alice Maroni, PD,
DoD Comptroller
Mr. Richard Bowman, Acting
Maritime Administrator

3452

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 14, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: ROBERT BELL

FROM: KEITH HAHN

SUBJECT: President's Visit to Air Show

The President will attend the Air Show at Andrews Air Force Base tomorrow from 2:40 p.m. to 4:30 p.m. Secretary Aspin will accompany the President at the Air Show. Although not currently firm, there are tentative (close hold) plans for the President to depart the White House at 9:00 a.m. to play a round of golf at Andrews. Mrs. Clinton would then join him for the Air Show and they would depart Andrews for their planned trip to New York at the end of the show.

The memorandum at Tab I provides background information on the events that will take place during the President's attendance at the Air Show.

RECOMMENDATION

That you forward the memorandum at Tab I to the President.

Attachment
Tab I Background Information on Air Show

THE WHITE HOUSE

WASHINGTON

ATTENDANCE AT
DEPARTMENT OF DEFENSE JOINT
SERVICES OPEN HOUSE

DATE: May 15, 1993
LOCATION: Andrews Air Force Base
TIME: 2:40 p.m. to 4:30 p.m.

FROM: ANTHONY LAKE

I. PURPOSE

To provide background information for your planned visit to Andrews Air Force Base to view the Department of Defense Joint Services Open House.

II. BACKGROUND

The U.S. Air Force precision aerial team, the Thunderbirds, will fly their F-16C Fighting Falcons as the starring act of an Open House that includes displays of modern aircraft and weaponry, as well as vintage airplanes and military drill teams. After your arrival at 2:40, you will see a Navy F-14 Tomcat flyby (at 2:50) and a Marine AV-8B Harrier demonstration (at 3:10). The Thunderbirds will perform from 3:30 to 4:30. Earlier in the day there will be mass parachute jumps by the 82nd Airborne troopers and by the Andrews America Skydiving Team.

III. PARTICIPANTS

Mrs. Clinton
Secretary of Defense, Les Aspin

IV. PRESS PLAN

Open Press

V. SEQUENCE

As described above.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~ 3669

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 22, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL

FROM: KEITH HAHN

SUBJECT: Significant Military Exercise NAUTICAL SWIMMER 93-3

Attached at Tab I is a proposed memorandum to the Executive Secretary, Department of Defense, approving military exercise NAUTICAL SWIMMER 93-3. At Tab II Defense recommends approval and State concurs.

NAUTICAL SWIMMER 93-3 is a combined naval surface fleet training exercise with the Royal Saudi Navy. It is the third in this year's quarterly naval exercises with Saudi Arabia, designed to improve readiness and interoperability between the RSNF and the U.S. Navy. It will take place June 12-16 in the territorial waters of Saudi Arabia and the central Arabian Gulf.

The critical cancellation date is June 9, 1993.

Concurrences by: Martin Indyk and Bruce Riedel

RECOMMENDATION

That you sign the memorandum at Tab I approving the exercise.

Attachments
Tab I Memorandum for Signature
Tab II OSD Executive Secretary Memorandum, May 19, 1993

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By [illegible] NARA, Date 6/3/2016
2016-0152-F

~~CONFIDENTIAL~~
Declassify on: OADR

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR COL MICHAEL B. SHERFIELD
Executive Secretary
Department of Defense

SUBJECT: Significant Military Exercise NAUTICAL SWIMMER 93-3

Military exercise NAUTICAL SWIMMER 93-3 is approved.

William H. Itoh
Executive Secretary

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	For the Executive Secretary, National Security Council. Subject: Significant Military Exercise - NAUTICAL SWIMMER 93-3. (1 page)	05/19/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 44

FOLDER TITLE:

Chron File - May 1993 #2 [6]

2016-0152-F
vz4403

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001b. cable	re: Part I Significant Military Exercise Brief. (2 pages)	04/29/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 44

FOLDER TITLE:

Chron File - May 1993 #2 [6]

2016-0152-F
vz4403

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
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b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9303411
RECEIVED: 13 MAY 93 17

TO: LAKE

FROM: ROSNER

DOC DATE: 13 MAY 93
SOURCE REF:

KEYWORDS: SPEECHES
ARMS CONTROL
ARMY
DEFENSE POLICY
NON PROLIFERATION
PUBLIC STATEMENTS

PERSONS:

SUBJECT: PRES WEST POINT COMMENCEMENT SPEECH ON 29 MAY

ACTION: LAKE APPROVED RECOM
DUE DATE: 17 MAY 93
STATUS: C

STAFF OFFICER: ROSNER
LOGREF:

FILES: PA
NSCP:
CODES:

D O C U M E N T   D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		BELL
		NSC CHRON
		PONEMAN
		ROSNER

COMMENTS:

DISPATCHED BY ____________ DATE ________ BY HAND W/ATTCH

OPENED BY: NSWEA
CLOSED BY: NSWEA
DOC 1 OF 1

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

OK
As discussed

May 13, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

FROM: JEREMY ROSNER

SUBJECT: West Point Commencement Speech

The President is scheduled to deliver the commencement address at West Point on May 29. The event resulted from suggestions by Sec. Aspin and others on events the President might do with the military, but no content was proposed at that time.

The speech should speak to the heritage and accomplishments of the Army, West Point, and the armed forces generally, as in the President's USS Theodore Roosevelt speech. Beyond that, here are two options for the speech's contents:

1. Foreign policy vision. The speech could lay out the President's foreign policy vision, including a significant section on his efforts to update our security arrangements. Such a speech would need to touch on current hot spots (Bosnia) but would focus more on our strategies for such long-term challenges as anticipating conflicts, supporting democracy, and reshaping multilateral institutions.

2. The new arms control agenda. This approach would use the speech as a vehicle for announcing our new decisions and initiatives related to arms control: a decision to resume CTB negotiations; new policies and initiatives on non-proliferation; and our plans for the future of ACDA. Our non-proliferation efforts toward China and our arms control efforts with Russia and the NIS could also be stressed. This speech could help emphasize the President's focus on non-proliferation as a key security challenge for this era.

I spoke briefly with George S. on this. He says his thoughts on this had been running along the lines of #1 but that he likes the idea of #2.

If we go with #2, it would be best to structure the timing of some of the relevant decisions (CTB, ACDA) very close to the speech so that the news did not leak out beforehand.

Concurrences by: Robert Bell, Dan Poneman

RECOMMENDATION

That you approve option #2 for this speech.

Approve______________ Disapprove ______________

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9303096
RECEIVED: 05 MAY 93 09

TO: BARCIA, JAMES A

FROM: PRESIDENT

DOC DATE: 20 MAY 93
SOURCE REF:

KEYWORDS: AIR FORCE
DEFENSE CONVERSION
MILITARY BASES
CO

PERSONS: BARCIA, JAMES A

SUBJECT: PRES REPLY TO REP BARCIA RE WURTSMITH AIR FORCE BASE

ACTION: PRES SGD LTR DUE DATE: 08 MAY 93 STATUS: C

STAFF OFFICER: JONES LOGREF:

FILES: WH NSCP: CODES:

D O C U M E N T   D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		BELL
		JONES
		NSC CHRON
		ROSNER

COMMENTS: SEE PRES REMARKS ON PRES MEMO

DISPATCHED BY UA DATE 5/24 BY HAND W/ATTCH

OPENED BY: NSJEB CLOSED BY: NSWEA DOC 4 OF 4

UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

May 20, 1993

Dear Jim:

Thank you for your letter highlighting the difficulties the Wurtsmith community has experienced in implementing its base reuse plans. Despite the many challenges entailed, I am committed to adjusting our military infrastructure to ensure future U.S. military strength, while promoting our long-term economic objectives.

I can appreciate your frustration with the laws, regulations and bureaucratic obstacles that too often inhibit speedy and efficient economic development of our closing bases. My Administration is committed to working closely with Congress to improve this transition.

I have directed the National Economic Council, acting within our Defense Conversion Working Group, to lead an interagency review of the broad range of issues required to improve our base reuse policies. Secretary Aspin's appointment of a new Deputy Under Secretary of Defense for Environmental Security also will help focus our efforts on accelerating environmental cleanup of our installations. In particular, my staff has been in contact with DoD officials regarding Wurtsmith and other bases being redeveloped.

I appreciate your calling these issues to my attention. I will ensure they are incorporated into our review of ways to improve base reuse policies and to speed base redevelopment. I look forward to working with you to achieve our base conversion goals.

Sincerely,

Bill Clinton

The Honorable James A. Barcia
House of Representatives
Washington, D.C. 20515

THE PRESIDENT HAS SEEN 5/20

3096

THE WHITE HOUSE

WASHINGTON

May 20, 1993 93 MAY 20 A8:18

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE
HOWARD PASTER
ROBERT RUBIN

SUBJECT: Letter from Representative Barcia RE: Wurtsmith Air Force Base

Purpose

To respond to Representative Barcia's letter complaining about Air Force inflexibility and delays in approving interim leases for the reuse of Wurtsmith Air Force Base in Michigan.

Background

Wurtsmith AFB is scheduled to close on June 30 and the local community faces severe impacts. Rep. Barcia complains that the Air Force has not been responsive in approving interim leases for commercial contractors wanting to move on base.

NSC and NEC staff have had discussions and meetings with DoD officials regarding Wurtsmith, along with the broader problems of speeding military base redevelopment. There is no doubt that current DoD efforts -- while conducted in good faith -- are often hampered by excessive statutory, regulatory and bureaucratic restrictions.

We need to fix this

The response proposed at Tab A does not promise that we can solve all the immediate issues at Wurtsmith but assures Rep. Barcia that we have begun a process to address these problems and will consider the points he has raised. Within the NEC-led Defense Conversion Working Group, a subgroup is being formed to improve and accelerate our base reuse procedures.

RECOMMENDATION

P/S do

That you sign the letter at Tab A.

Attachments
Tab A Letter to Representative Barcia
Tab B Incoming Correspondence

cc: Vice President
Chief of Staff

3096

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 13, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: ROBERT G. BELL RGB

FROM: STEVEN R. JONES SJ

SUBJECT: Letter from Representative Barcia RE: Wurtsmith Air Force Base

Representative Barcia has written the President (Tab B) complaining about Air Force inflexibility and delays in approving interim leases for the reuse of Wurtsmith Air Force Base in Michigan.

Wurtsmith is scheduled to close on June 30. The base's B-52 wing is being deactivated and its KC-135 tankers are being transferred. Approximately 3500 local jobs are being lost, with potentially severe impacts on the local community of Oscoda.

Rep. Barcia complains that the Air Force Base Disposal Agency (AFBDA) extracted an unfair payment for the first interim lease for a plastics company, and has delayed completing the second interim lease for aircraft maintenance work by a private contractor. He attaches a letter from the Michigan Department of Commerce that claims this delay will cost 100 jobs in the Oscoda area.

I have been in contact with officials in the AFBDA and DoD's Office of Economic Adjustment. There is a long history and paper trail between the local community and the Air Force regarding the interim leases. Seven separate letters have been sent between the community and AFBDA on this issue since April 20th, and AFBDA met with local officials on May 5. I also met with NEC and DoD (ASD/Production & Logistics) and DUSD (Environmental Security) on May 12 to discuss streamlining base reuse procedures.

There is no doubt that the current base reuse process is hampered by excessive statutory, regulatory and bureaucratic restrictions. The Air Force is required to seek fair market value for base facilities and must also meet a plethora of environmental regulations when negotiating real estate transactions. The average length of time to complete an interim lease is 180 days. The local community, attempting to respond quickly to entrepreneurial business opportunities, sees this as foot-dragging.

The Air Force did expedite the first interim lease for the plastics company at the expense of the aircraft maintenance lease. The projected completion of the second interim lease is June 30. An Air Force proposal to allow the aircraft maintenance contractor on base sooner, while operating out of trailers, was not acceptable to the contractor.

The proposed response from the President to Rep. Barcia does not promise that any of the immediate issues he raises can be solved to his complete satisfaction. It does assure him that we have a commitment to tackle these delays and have begun a process to address these problems.

NSC and NEC staff have already begun meeting with DoD and EPA staff to review base reuse delays. Within the NEC-led Defense Conversion Working Group, a subgroup is being formed to review base reuse policies and how the process can be speeded up. One of the biggest problems, environmental regulation and indemnification, is being addressed by the new DoD Deputy Under Secretary for Environmental Security, who has made a commitment to help accelerate cleanup and property transfers at closing military bases. Revised legislation is also being proposed to solve conflicting Congressional requirements for DoD regarding environmental indemnification.

in draft in draft in draft

Concurrences by: Keith Hahn, Dorothy Robyn (NEC), Jeremy Rosner

RECOMMENDATION

That you send a joint memo with Howard Paster and Bob Rubin to the President recommending his signature at Tab A.

Attachments

Tab I Memorandum to the President

Tab A Letter to Representative Barcia

Tab B Incoming Correspondence

016710

JAMES A. BARCIA
5TH DISTRICT, MICHIGAN

1717 LONGWORTH HOB
WASHINGTON, DC 20515-2205
TELEPHONE (202) 225-8171

COMMITTEE ON PUBLIC WORKS
AND TRANSPORTATION

SUBCOMMITTEES
ECONOMIC DEVELOPMENT
INVESTIGATIONS AND OVERSIGHT
WATER RESOURCES

COMMITTEE ON SCIENCE,
SPACE, AND TECHNOLOGY

SUBCOMMITTEES
SCIENCE
SPACE

Congress of the United States
House of Representatives
Washington, DC 20515-2205

93 MAY 4 P2:29

28 April 1993

Hon. William J. Clinton
President of the United States of America
The White House
Washington, D.C. 20500

Dear Mr. President:

I wish to bring to your attention a grave situation surrounding the conversion of Wurtsmith Air Force Base (Oscoda, Michigan), which is in my district. What the communities have run up against is an attitude and disposition displayed by the Air Force, and more specifically the Air Force Base Disposal Agency (AFBDA), that is in direct contravention of the spirit of your policy concerning base conversion.

One particular episode that best illustrates this predicament occurred in early April. The Wurtsmith Base Conversion Authority (WBCA), a division of the Michigan Department of Commerce created to assist in the conversion, and the Wurtsmith Area Economic Adjustment Commission (WAEAC), the body representing the communities, attracted a manufacturer of roofing and plastic materials to locate a new facility on the base.

This firm, DuroLast of Saginaw, Michigan, was an extremely fitting acquisition for the reuse. This enterprise is a truly "green" firm. The process that will be employed at this new site will take scrap plastics from industrial processes, and use these by-products as the base material for the production of new products. Additionally, the chief executive officer of DuroLast committed to hiring three new employees from the surrounding communities for every employee brought to the new site. This new facility will initially have 40 employees, and in light of DuroLast's success at other sites in the United States could grow ten-fold.

The WBCA received a commitment from the AFBDA for the execution of an interim lease by 30 March 1993. This requirement was placed on the WBCA by DuroLast

DISTRICT OFFICE:
3741 EAST WILDER ROAD
SUITE 1A
BAY CITY, MICHIGAN 48706
☐ TELEPHONE: (517) 667-0003

DISTRICT OFFICE:
5409 PIERSON ROAD
FLUSHING, MICHIGAN 48433
☐ TELEPHONE: (313) 732-7501

DISTRICT OFFICE:
301 EAST GENESEE
SUITE 502
SAGINAW, MICHIGAN 48607
☐ TELEPHONE: (517) 754-6075

in accordance with the firm's production planning requirements. Being that this commitment was made six months prior to the date required, the WBCA believed a mutually beneficial interim lease could be negotiated. The result of the extremely lop-sided negotiation process was the extraction of $23,500 by the Air Force for the lease of the required facility.

I believe this is a patently unfair result, and a negative outcome of a highly bureaucratic and inflexible process. The local communities expended a great deal of limited resources - to include time, money and personnel - to attract a firm for reuse. This was a positive action in many ways. The Air Force was relieved of the need to pay the eventual caretaker of the facility because it would be occupied. And secondly, this action started the local communities down the road to reuse and further economic development.

I do not believe it was the intention of the Congress, in base closure legislation, or of your Administration to enable the Department of Defense, or its military departments, to enter into negotiations to basically raise revenue from the conversion process. I have had meetings with officials from both the Departments of the Air Force and Defense, and have found their explanations wanting. Their assertions are that policies to change the process are now being formulated, and will be implemented with all due speed. I fear this leaves bases, such as Wurtsmith, closing this summer (30 June 1993), in the vacuum between formulation and implementation.

The surrounding communities have all but suspended their activities to attract more firms to the base. I can see their rationale for doing this. The revenue they had hoped to raise in order to operate the base facilities, and to do what is necessary after the Air Force leaves, is being taken by the Air Force. If their efforts are going to produce revenue for the United States Air Force, instead of the local communities, they can not make sense of continuing to expend already limited resources until such time as the base reverts to state control.

What I believe is necessary is direct intervention with officials in your Department of the Air Force to come to terms with officials in Michigan. I, and officials in Michigan, have proposed numerous avenues for the accomplishment of the stated mutual goal of conversion. At this point, we have not received any acknowledgement from either Assistant Secretary of Defense (Installations) David J. Berteau or Deputy Assistant Secretary of the Air Force (Installations) James F. Boatright on these measures.

We are close to closure, and the local communities have several firms willing and able to locate on the base. One particular firm, AIA an aircraft maintenance firm, wishes to use a segment of the base to maintain large jet aircraft on the order of Boeing 737s and 747s. At this time, they have requested the use of a facility by mid-May for the retrofitting of two DC-9s. Knowing the long and drawn out process the AFBDA employed with the first interim lease the communities will not be able to accommodate this requirement, and the jobs will go elsewhere. These jobs will go elsewhere not because of some insurmountable barrier, but because of bureaucratic foot dragging (Please see attachment).

To conclude on a brighter note, the communities surrounding the base are working cooperatively to make certain their future will be a secure one without Wurtsmith Air Force Base. The local communities have gone as far as retaining a noted economic development firm to draw up a comprehensive plan for the future of the area. This plan, if allowed to be carried forward, will enable the Wurtsmith Base Conversion Authority to break even on the operation of the base within three years of closure, and provide the people of this area a vibrant center of economic activity. This base, in my opinion, will be used in the future as a model for other base conversions.

I thank you for your time and consideration. In anticipation of your response, I am,

Sincerely,

Jim

James Barcia
Member of Congress

pdg

Attachment (1)
Letter concerning AIA Lease

cc: Paul DeGiusti

STATE OF MICHIGAN

John Engler, Governor

DEPARTMENT OF COMMERCE

P.O. Box 30004, Lansing, Michigan 48909-7504
Arthur E. Ellis, Director

Wurtsmith Base Conversion Authority
P.O. Box 69
Oscoda, Michigan 48750-0069

Oscoda Office
Telephone: (517) 739-8900
FAX: (517) 739-9139

Lansing Office
Telephone: (517) 373-9851
FAX: (517) 373-3872

April 26, 1993

Mr. Alan Olsen, Director
Air Force Base Disposal Agency
1700 North Moore Street
Suite 2300
Arlington, Virginia 22209-2802

REF: Wurtsmith: American International Airways Lease Status

Dear Mr. Olsen:

On Friday, April 23, I visited the Willow Run (Ypsilanti, Michigan) headquarters of American International Airways, the identified air reuser for Wurtsmith AFB. I met with the senior management of that corporation, including the CEO, Mr. Connie Kalitta concerning the company's needs with respect to operating out of the Wurtsmith site.

It was disconcerting to learn that the company plans to add a 20,000 square foot addition to its large engine repair facility and is negotiating for space in a nearby hanger at Willow Run because of the growing business which the company is garnering. These are operations which were at one time slated for Wurtsmith, but the urgency of AIA's commitments cannot wait for AFBDA to complete pre-lease investigations — investigations which have been underway since early November, 1992.

In addition to these losses to the Oscoda economic impact area, as I outlined in a letter to Mr. Kempster last week, AIA is prepared to perform a major modification to two DC-8 aircraft at the Wurtsmith site if AFBDA can find a way to complete lease work by mid-May. This means roughly 100 jobs for the Oscoda economic impact area.

At this point, Wurtsmith Base Conversion Authority (WBCA) has yet to receive the following documents which will presumably be a part of the lease process (judging from their inclusion in the first interim lease): appraisals of the buildings AIA seeks;

the environmental baseline survey; the physical condition report; and the operating agreement.

During the investigations which led to the execution of the first interim lease, these documents were withheld from WBCA until just days prior to the deadline established by the reuser. I would hope that AFBDA will not repeat that process which had the effect of forcing WBCA to surrender lease revenue it needs to operate.

The local elected leadership of the Oscoda area believes it is vital to capture the jobs which will be associated with the AIA operation at Wurtsmith. Obviously, this will not be done unless AFBDA is able to speed-up its deliberations with respect to the interim lease application which has been pending since last November.

AFBDA action to support a mid-May location of AIA at Wurtsmith would be greatly appreciated by the Oscoda-area communities which are declining daily as the Air Force drawdown at Wurtsmith continues toward base closure day, June 30.

If I can be of help in assisting that acceleration, please don't hesitate to contact me.

Sincerely,

James M. Storey (jsc)

James M. Storey
Executive Director

cc: General Earl O'Loughlin, Chairman-WBCA
Thomas Kempster, AFBDA
Lt. Colonel Michael Jones
Colonel William Campbell

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C 20506

May 21, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: ROBERT BELL RG/ [illegible]

FROM: KEITH HAHN

SUBJECT: Letter of Recognition for Roswell L. Gilpatric

On June 7, Business Executives for National Security (BENS) will host a dinner in honor of former Deputy Secretary of Defense Roswell Gilpatric. Mr. Gilpatric will receive the Eisenhower Award from BENS in honor of his many years of service to the country. They have requested that President Clinton send a message of greeting to be read by Larry K. Smith, currently Counselor to the Secretary of Defense and former BENS President, who will be the primary speaker that evening.

Mr. Gilpatric served three Democratic Presidents - Harry Truman as Assistant and Undersecretary of the Air Force, and John Kennedy and Lyndon Johnson as Deputy Secretary of Defense. He also chaired and served on the executive committee and boards of numerous leading educational and public service organizations including the Metropolitan Museum of Art, the New York Public Library and the Bedford Stuyvesant D&S Corporation.

Over the years he has also served on a number of commissions and boards which reviewed government procedures and organization. Most recently, he chaired the BENS Commission on Fundamental Defense Management Reform. A graduate of Yale Law School, he is presiding partner of Cravath, Swaine & Moore.

RECOMMENDATION

That you forward the memorandum at Tab I to the President.

Attachments
Tab I Memorandum for the President
Tab A Letter to Mr. Roswell L. Gilpatric

THE WHITE HOUSE

WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Letter of Recognition for Roswell L. Gilpatric

Purpose

To recognize Roswell L. Gilpatric on his receipt of the Business Executives for National Security (BENS) Eisenhower Award for his contributions to our Nation over the past 45 years.

Background

On June 7, BENS will host a dinner in honor of former Deputy Secretary of Defense Roswell Gilpatric. They have requested that you send a message of greeting to be read by Larry K. Smith, currently Counselor to Secretary Aspin, who will be the primary speaker that evening.

Roswell Gilpatric served three Democratic Presidents - Harry Truman as Assistant and Under Secretary of the Air Force, and John Kennedy and Lyndon Johnson as Deputy Secretary of Defense.

RECOMMENDATION

That you sign the letter at Tab A.

Attachment
Tab A Letter to Mr. Roswell L. Gilpatric

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Mr. Gilpatric:

It is a great pleasure to congratulate you on being selected to receive the Business Executives for National Security Eisenhower Award.

Your service to our country has spanned dramatic developments, through the challenges we faced during the Cold War to the uncertainties that we confront in the changed security environment of the post-Cold War era. That you continue to put forth ideas for improving our national security is testimony to your commitment and concern.

Best wishes, and congratulations again for a well-deserved honor.

Sincerely,

Mr. Roswell L. Gilpatric
Senior Partner (Retired)
Cravath, Swaine & Moore
825 Eighth Avenue
New York, NY 10019

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 22, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL

FROM: KEITH HAHN

SUBJECT: Significant Military Exercise EASTERN CASTLE 93 - EGYPT

Attached at Tab I is a proposed memorandum to the Executive Secretary, Department of Defense, approving military exercise EASTERN CASTLE 93. At Tab II Defense recommends approval and State concurs.

EASTERN CASTLE is an engineer exercise conducted in the U.S. Central Command area of responsibility. Specific elements of EASTERN CASTLE are specified by the exercise name followed by the participant country. In this case, the exercise will take place in Egypt June 16-September 30. It will involve approximately 100 U.S. and 25 Egyptian forces in constructing a live fire range and a water well project.

The critical cancellation date is June 1, 1993.

Concurrences by: Martin Indyk and David Satterfield

RECOMMENDATION

That you sign the memorandum at Tab I approving the exercise.

Attachments
Tab I Memorandum for Signature
Tab II OSD Executive Secretary Memorandum, May 21, 1993

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By KZ NARA, Date 10/3/2016
2016-0152-F

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR COL MICHAEL B. SHERFIELD
Executive Secretary
Department of Defense

SUBJECT: Significant Military Exercise EASTERN CASTLE 93

Military exercise EASTERN CASTLE 93 is approved.

William H. Itoh
Executive Secretary

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002a. memo	For the Executive Secretary, National Security Counil. Subject: Significant Military Exercise - EASTERN CASTLE 93. (1 page)	05/21/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 44

FOLDER TITLE:

Chron File - May 1993 #2 [6]

2016-0152-F
vz4403

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

- C. Closed in accordance with restrictions contained in donor's deed of gift.
- PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
- RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002b. cable	re: Part I Significant Military Exercise Brief. (2 pages)	04/15/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 44

FOLDER TITLE:

Chron File - May 1993 #2 [6]

2016-0152-F
vz4403

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~~CONFIDENTIAL~~

NSC/RMO PROFILE

RECORD ID: 9303669
RECEIVED: 21 MAY 93 16

TO: SHERFIELD, M

FROM: KENNEY

DOC DATE: 24 MAY 93
SOURCE REF:

KEYWORDS: MILITARY EXERCISES SAUDI ARABIA

PERSONS:

SUBJECT: SIGNIFICANT MILITARY EXERCISE NAUTICAL SWIMMER 93-3

ACTION: KENNEY SGD MEMO DUE DATE: 25 MAY 93 STATUS: C

STAFF OFFICER: HAHN LOGREF:

FILES: PA NSCP: CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		BELL
		EXECSEC
		HAHN

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By VL NARA, Date 10/3/2016
2016-0152-F

COMMENTS:

DISPATCHED BY (signature) DATE 5/24 BY HAND W/ATTCH

OPENED BY: NSWEA CLOSED BY: NSMEM DOC 3 OF 3

~~CONFIDENTIAL~~

3669

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 24, 1993

MEMORANDUM FOR COL MICHAEL B. SHERFIELD
Executive Secretary
Department of Defense

SUBJECT: Significant Military Exercise NAUTICAL SWIMMER 93-3

Military exercise NAUTICAL SWIMMER 93-3 is approved.

for Kristie A. Kenney
William H. Itoh
Executive Secretary

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

3669

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 22, 1993

SIGNED

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL

FROM: KEITH HAHN

SUBJECT: Significant Military Exercise NAUTICAL SWIMMER 93-3

Attached at Tab I is a proposed memorandum to the Executive Secretary, Department of Defense, approving military exercise NAUTICAL SWIMMER 93-3. At Tab II Defense recommends approval and State concurs.

NAUTICAL SWIMMER 93-3 is a combined naval surface fleet training exercise with the Royal Saudi Navy. It is the third in this year's quarterly naval exercises with Saudi Arabia, designed to improve readiness and interoperability between the RSNF and the U.S. Navy. It will take place June 12-16 in the territorial waters of Saudi Arabia and the central Arabian Gulf.

The critical cancellation date is June 9, 1993.

Concurrences by: Martin Indyk and Bruce Riedel

RECOMMENDATION

That you sign the memorandum at Tab I approving the exercise.

Attachments
Tab I Memorandum for Signature
Tab II OSD Executive Secretary Memorandum, May 19, 1993

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By VZ NARA, Date 10/3/2016
2016-0152-F

~~CONFIDENTIAL~~
Declassify on: OADR

~~CONFIDENTIAL~~

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003a. memo	Duplicate of 001a. (1 page)	05/19/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 44

FOLDER TITLE:

Chron File - May 1993 #2 [6]

2016-0152-F
vz4403

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003b. cable	Duplicate of 001b. (2 pages)	04/19/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 44

FOLDER TITLE:

Chron File - May 1993 #2 [6]

2016-0152-F
vz4403

RESTRICTION CODES

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