

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 - September 1993 #1 [4]

Staff Office-Individual:

Defense Policy-Bell, Robert

Original OA/ID Number:

47

Row:	Section:	Shelf:	Position:	Stack:
31	3	2	3	V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	For Executive Secretary, National Security Council. Subject: Significant Military Exercise - ANNUALEX 05JX. (1 page)	09/07/1993	P1/b(1)
001b. cable	re: Part I Significant Military Exercise Brief (SMEB) [Annuaalex 05JX] (3 pages)	08/09/1993	P1/b(1)
002. memo	For Executive Secretary, National Security Council. Subject: Significant Military Exercise - BALANCE IROQUOIS 94-1. (1 page)	09/07/1993	P1/b(1)
003a. memo	Duplicate of 001a. (1 page)	09/07/1993	P1/b(1)
003b. cable	Duplicate of 001b. (3 pages)	08/09/1993	P1/b(1)
004. memo	Legislative Referral Memorandum LRM #I-1164. [CIA Act] [partial] (1 page)	09/01/1993	P3/b(3)
005. memo	For Lynn Davis et al. [CIA Act] [partial] (1 page)	09/08/1993	P3/b(3)
006. memo	Legislative Referral Memorandum, LRM #I-1203. [CIA Act] [partial] (1 page)	09/09/1993	P3/b(3)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 47

FOLDER TITLE:

Chron File - September 1993 #1 [4]

2016-0152-F

vz4465

RESTRICTION CODES

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

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

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]
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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]

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.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

6691

September 7, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL *RB*

FROM: KEITH HAHN *KH*

SUBJECT: Significant Military Exercise ANNUALEX 05JX

Attached at Tab I is a proposed memorandum to the Executive Secretary, Department of Defense, approving military exercise ANNUALEX 05JX. At Tab II Defense recommends approval and State concurs.

ANNUALEX 05JX is the largest U.S./Japan combined maritime annual exercise, involving over 100 ships, 10 submarines, 225 aircraft and over 208,000 Japanese personnel. It is designed to improve Command and Control capabilities, test tactics for waging conventional high intensity warfare and practice maintaining access across sea lines of communication and key maritime choke points. It is scheduled to take place September 29 - October 12 in international and territorial waters surrounding Japan.

The critical cancellation date is September 13, 1993.

Concurrence by: Sandra Kristoff *SK*

RECOMMENDATION

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

Attachments

Tab I Memorandum for Signature

Tab II OSD Executive Secretary Memorandum, September 7, 1993

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

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR COL. ROBERT P. MCALEER
Executive Secretary
Department of Defense

SUBJECT: Significant Military Exercise ANNUALEX 05JX

Military exercise ANNUALEX 05JX is approved.

William H. Itoh
Executive Secretary

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	For Executive Secretary, National Security Council. Subject: Significant Military Exercise - ANNUALEX 05JX. (1 page)	09/07/1993	P1/b(1)

COLLECTION:

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National Security Council
Defense Policy and Arms Control (Robert Bell)
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2201(3).

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001b. cable	re: Part I Significant Military Exercise Brief (SMEB) [Annuaalex 05JX] (3 pages)	08/09/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 47

FOLDER TITLE:

Chron File - September 1993 #1 [4]

2016-0152-F

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RESTRICTION CODES

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 9, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL *RB*

FROM: KEITH HAHN *KH*

SUBJECT: Revised Defense Proposed Report RE: HR 2547,
National Shipbuilding and Conversion Act

At Tab II Defense has revised its response to the National Shipbuilding and Conversion Act to reflect the current status of the Administration's review of the shipbuilding industry. Defense still recommends that this legislation be withheld pending the submission of the Administration's findings on October 1. The response also focuses on four specific issues that have been discussed in the NEC-chaired IWG on shipbuilding.

DoD supports the National Shipbuilding Initiative and points out that ARPA's Technology Reinvestment Project will probably fund several of the 76 shipbuilding-related proposals it has received. Defense would like to clarify the provisions of the Act which redirects \$200 million from DoD topline to fund Title XI loan guarantees. The leverage that \$200 million provides in loan guarantees would cover over \$2.5 billion in loans -- well in excess of near-term needs. The Act should more properly direct \$24 million in order to realize \$200 million in loans.

The Shipbuilding IWG investigated the feasibility of subsidizing series ship construction as directed by the legislation. We found that this subsidy would amount to over \$1.5 billion a year and we could find no offset for this large sum. DoD's stipulation that this type of subsidy apply only to militarily useful ships seems prudent. Finally, the requirement for using only double-hull ships to move cargo during contingencies needs to be modified to reflect support agreements between the U.S. and its allies.

Concurrences by: Steve Jones and Jeremy Rosner *[Signature]*

RECOMMENDATION

That you sign the memorandum at Tab I concurring in the revised Defense report.

Attachments

Tab I Memorandum for Signature
Tab II Incoming Correspondence

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR JAMES J. JUKES

FROM: WILLIAM H. ITOH

SUBJECT: Revised Defense Proposed Report RE: HR 2547,
National Shipbuilding and Conversion Act

The National Security Council staff concurs in the revised
Defense report.

5 pages
6747

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

September 7, 1993

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-1186

TO: Legislative Liaison Officer -

**TRANSPORTATION - Tom Herlihy - (202)366-4687 - 226
TREASURY - Richard S. Carro - (202)622-1146 - 228
USTR - Fred Montgomery - (202)395-3475 - 223
NEC - Sonia Mathews - (202)456-6722 - 429
CEA - Francine Obermiller - (202)395-5036 - 242
NSC - William H. Itoh - (202)395-3723 - 249
JUSTICE - Sheila F. Anthony - (202)514-2141 - 217
COMMERCE - Michael A. Levitt - (202)482-3086 - 324**

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

**OMB CONTACT: Jim BROWN (395-3473)
Secretary's line (for simple responses): 395-3454
Alexander McCLELLAND (395-3850)**

**SUBJECT: REVISED DEFENSE Proposed Report
RE: HR 2547, National Shipbuilding and
Conversion Act**

DEADLINE: 2:00 P.M. THURSDAY September 9, 1993

**COMMENTS: This is a revised version of a letter previously
circulated to you for comment on July 15. If we do not hear
from you by the deadline, we will assume that you have no
objection to timely clearance of this letter.**

**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.**

Page 2
LRM #I-1186

CC:

John McClelland
Tom Stanners
Meg DiBari
Phebe Vickers
Roger Adkins
Cookie Walden
Mike Schmidt
Chris Edley
Margaret Shaw
Michael Deich
John Goodman
Cyndi Vallina

Bob Damus
Ed Clarke
Art Stigile
Ed Rea
Mike Goad
Ron Peterson
Gordon Adams
Don Gassaman
Jennifer Palmieri
Howard Paster

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

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.

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

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

The Honorable Ronald V. Dellums
Chairman, Committee on Armed Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

We request that you consider the following comments on H.R. 2547, 103rd Congress, a bill, "To improve the economy of the United States by establishing a National Shipbuilding Initiative to provide support for the United States shipbuilding industry in order to assist that industry in regaining a significant share of the world commercial ship-building market, and for other purposes."

Pursuant to the FY 1993 Defense Authorization Act, the Administration has convened an inter-agency group to study the shipbuilding industry. This group has been meeting regularly, and will provide recommendations to the Congress by the statutory deadline of October 1, 1993. The Administration believes it would be inappropriate to enact major legislation concerning the shipbuilding industry, such as H.R. 2547, prior to the completion of this study.

In addition, the Department of Defense has specific concerns about H.R. 2547 which are set forth below:

Title I of this Act establishes a National Shipbuilding Initiative program to support the industrial base for national security objectives by establishing the United States shipbuilding industry as a self-sufficient, internationally competitive industry. The Department clearly is interested in maintenance of the shipbuilding industrial base and the bottom-up review defines that interest in terms of industrial base needs. The Advanced Research Projects Agency's (ARPA) Technology Reinvestment Project will decide the technological elements to be infused into domestic shipyards. For the ARPA project, shipyards are openly competing for funds to further develop worthwhile projects which may translate into more efficient ship construction practices. To legislate that the Department of Defense should provide outright funds for shipbuilding removes any competitive incentive and prejudges the best use of government resources for defense conversion.

Title II of this Act redirects \$200 million from the Department of Defense budget top-line for Title XI loan guarantees for construction of commercial ships and other purposes. Under

current methodology, \$200 million enables $(200/.08+2500)$ \$2.5 billion in loan guarantees. The Department believes that \$24 million top-line budget redirection would be sufficient to guarantee \$200 million.

Title III of this Act directs the Secretary of Defense to pay assistance to shipyards engaged in series ship construction. This program subsidizes the difference between open market value and U.S. shipyard-produced vessel prices. The subsidy is based on the learning curve premise that the price will decrease to the open market value and that U.S. shipyards will reach world-class manufacturing efficiencies with sufficient production. The Department prefers that the Act be modified to apply only to militarily useful commercial ship construction and for a limited period of series ship construction, preferably not more than the first four ships of a series.

Title IV requires that Department of Defense immediately restrict chartering single-hulled tankers in favor of those equipped with double-hulls. This proposed legislation could conflict with existing international agreements regarding host nation support. These support agreements require the Department to use host nation shipping to move cargo, including fuel, during international contingencies including those involving coalition forces. The Department prefers no restrictions, beyond those already in law, which require the eventual shift to double-hulled tankers. Further, current law restricts the Department's long term ship charters to a maximum of seventeen months, a period that is considered insufficient collateral for ship construction capital markets. The Department prefers this long term charter limitation to be raised to a maximum of ten years for double-hulled tankers only.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely,

John H. McNeill
Acting General Counsel

~~CONFIDENTIAL~~
NSC/RMO PROFILE

RECORD ID: 9306690
RECEIVED: 07 SEP 93 11

TO: MCALEER, R

FROM: HAHN

DOC DATE: 09 SEP 93
SOURCE REF:

KEYWORDS: MILITARY EXERCISES

INDIA

PERSONS:

SUBJECT: SIGNIFICANT MILITARY EXERCISE BALANCE IROQUOIS

ACTION: KENNEY SGD MEMO

DUE DATE: 10 SEP 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 YL NARA, Date 10/3/2006

2016-0152-F

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSMEM

CLOSED BY: NSASK

DOC 3 OF 3

~~CONFIDENTIAL~~

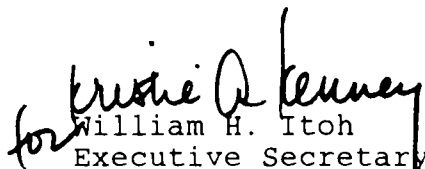
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 9, 1993

MEMORANDUM FOR COL. ROBERT P. MCALEER
Executive Secretary
Department of Defense

SUBJECT: Significant Military Exercise BALANCE IROQUOIS
94-1

Military exercise BALANCE IROQUOIS 94-1 is approved.


William H. Itoh
Executive Secretary

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

6690

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 7, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL *RB*

FROM: KEITH HAHN *KH*

SUBJECT: Significant Military Exercise BALANCE IROQUOIS
94-1

Attached at Tab I is a proposed memorandum to the Executive Secretary, Department of Defense, approving military exercise BALANCE IROQUOIS 94-1. At Tab II Defense recommends approval and State concurs.

BALANCE IROQUOIS 94-1 is an exchange training event between the armed forces of India and U.S. Army Special Forces. It is designed to further bilateral relations and to act as a building block for eventual exercise of greater complexity. It is scheduled to take place October 25 - November 7 in the vicinity of Agrad, India and will involve 12 U.S. and 84 Indian personnel.

The critical cancellation date is September 25, 1993.

Concurrence by: *Bruce Riedel* 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, September 7, 1993

DECLASSIFIED

E.O. 13526

White House Guidelines, September 11, 2006

By *VZ* NARA, Date *10/3/2016*

2016-0157-F

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. memo	For Executive Secretary, National Security Council. Subject: Significant Military Exercise - BALANCE IROQUOIS 94-1. (1 page)	09/07/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 47

FOLDER TITLE:

Chron File - September 1993 #1 [4]

2016-0152-F

vz4465

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RR. Document will be reviewed upon request.

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TO: ITOH

FROM: MCALEER, R

DOC DATE: 09 SEP 93
SOURCE REF:

KEYWORDS: DEFENSE POLICY

PERSONS: ASPIN, L
WIDNALL, S

DALTON, J

SUBJECT: DUAL ABSENCE OF SEC & DEP SECDEF ON 10 - 14 SEP

ACTION: FOR RECORD PURPOSES

DUE DATE: 13 SEP 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
GOTTEMOELLER
GROSS
HAHN
ITOH
JONES
KENNEY
WALKER

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSWEA

CLOSED BY: NSWEA

DOC 1 OF 1



OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1000

DISSEMINATION
AS NECESSARY
6820
9 SEP 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 Washington, D.C. for an overseas trip on Friday, 10 September 1993 at 1800, and will return on Monday, 13 September at 1130. The Deputy Secretary of Defense will depart Washington, D.C. on Thursday, 9 September at 1430 for California, and will return on Tuesday, 14 September at 1840.

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

Date/TimesActing Secretary of Defense

1800, Friday, 10 September
through
0800, Saturday, 11 September

Honorable John H. Dalton
Secretary of the Navy

0800, Saturday, 11 September
through
1750, Sunday, 12 September

Honorable Sheila E. Widnall
Secretary of the Air Force

1750, Sunday, 12 September
through
1130, Monday, 13 September

Honorable John H. Dalton
Secretary of the Navy

Robert P. McAleer
Executive Secretary

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

~~CONFIDENTIAL~~
NSC/RMO PROFILE

RECORD ID: 9306691
RECEIVED: 07 SEP 93 11

TO: MCALEER, R

FROM: ITOH

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SOURCE REF:

KEYWORDS: MILITARY EXERCISES

JAPAN

PERSONS:

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ACTION: KENNEY SGD MEMO

DUE DATE: 10 SEP 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 VZ NARA, Date 10/3/2016
2016-0152-F

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSMEM

CLOSED BY: NSASK

DOC 3 OF 3

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

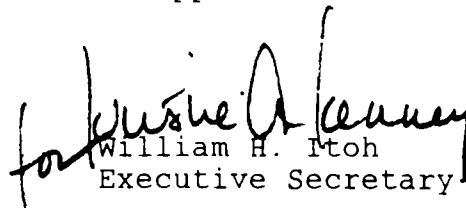
6691

September 9, 1993

MEMORANDUM FOR COL. ROBERT P. MCALEER
Executive Secretary
Department of Defense

SUBJECT: Significant Military Exercise ANNUALEX 05JX

Military exercise ANNUALEX 05JX is approved.


William H. Poth
Executive Secretary

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

6691

September 7, 1993

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FROM: KEITH HAHN *KH*

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The critical cancellation date is September 13, 1993.

Concurrence by: Sandra Kristoff *SK*

RECOMMENDATION

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

Attachments

Tab I Memorandum for Signature

Tab II OSD Executive Secretary Memorandum, September 7, 1993

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

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~~CONFIDENTIAL~~

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National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 47

FOLDER TITLE:

Chron File - September 1993 #1 [4]

2016-0152-F

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- 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]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003b. cable	Duplicate of 001b. (3 pages)	08/09/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 47

FOLDER TITLE:

Chron File - September 1993 #1 [4]

2016-0152-F
vz4465

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]
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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 8, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL *RB*
FROM: KEITH HAHN *KH*
SUBJECT: State Proposed Report RE: HR 1243, Prohibition
Against Foreign Acquisition of Allison
Transmission

At Tab II State is responding to Representatives Hamilton and Gilman on proposed legislation that would prohibit ZF Friedrichshafen from buying Allison Transmission, a division of General Motors Corporation. State argues that the Exon-Florio provision of the DPA provides the President sufficient latitude to block the sale of a U.S. company to a foreign concern if the sale would impair U.S. national security. They argue that the CFIUS procedure, by which State participates in reviewing such sales, provides adequate authority for the President to block such sales.

Concurrences by: *EC* Eileen Claussen, *MF* Mike Froman and *JR* Jeremy Rosner

RECOMMENDATION

That you sign the memorandum at Tab I concurring in the proposed State report.

Attachments

Tab I Memorandum for Signature
Tab II Incoming Correspondence

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR RONALD K. PETERSON

FROM: WILLIAM H. ITOH

SUBJECT: State Proposed Report RE: HR 1243, Prohibition
Against Foreign Acquisition of Allison
Transmission

The National Security Council staff concurs in the proposed State report.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. memo	Legislative Referral Memorandum LRM #I-1164. [CIA Act] [partial] (1 page)	09/01/1993	P3/b(3)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 47

FOLDER TITLE:

Chron File - September 1993 #1 [4]

2016-0152-F

vz4465

RESTRICTION CODES

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

- P1** National Security Classified Information [(a)(1) of the PRA]
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OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

September 1, 1993

6654
SPECIAL

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-1164

TO: Legislative Liaison Officer -

CEA - Francine Obermiller - (202)395-5075 - 242
CIA - (b)(3)
COMMERCE - Michael A. Levitt - (202)482-3086 - 324
NEC - Sonia Mathews - (202)456-6722 - 429
NSC - William H. Itoh - (202)395-3723 - 249
OSTP - Chris Clary - (202)456-7116 - 288
USTR - Fred Montgomery - (202)395-3475 - 223
TREASURY - Richard S. Carro - (202)622-1146 - 228
JUSTICE - Sheila F. Anthony - (202)514-2141 - 217
DEFENSE - Samuel T. Brick, Jr. - (703)697-1305 - 335

[004]

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: State Proposed Report RE: HR 1243,
Prohibition Against Foreign Acquisition of
Allison Transmission

DEADLINE: FRIDAY, September 10, 1993

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:
A. McNutt-Miller
J. McClelland
K. MacIntyre

File 6/23

SECRET

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.

FROM:		(Date)
		(Name)
		(Agency)
		(Telephone)

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

גזר



Washington, D.C. 20520

Dear Mr. Chairman:

This letter is to respond to your request for views on HR 1243, To Prohibit any Foreign Person from Acquiring, Directly or Indirectly, Allison Transmission, a Division of General Motors Corporation.

The Exon-Florio provision of the Defense Production Act (DPA), as amended, provides that the President or the President's designee may review on a case by case basis mergers, acquisitions and takeovers which could result in foreign control of businesses in the United States. Based on the initial review and any subsequent investigation, the President may suspend or prohibit the transaction if he finds that there is credible evidence that the particular foreign interest exercising control might take action to impair the national security, and provisions of law other than Exon-Florio and the International Emergency Economic Powers Act do not provide adequate and appropriate authority for the President to protect the national security. The initial review and any subsequent investigation are conducted by the Committee on Foreign Investment in the United States, of which the Department of State is a member.

The Department of State believes that Exon-Florio and other legislation provide the President the authority and flexibility necessary to protect the national security of the United States in the context of foreign control of investments in the United States. HR 1243, on the other hand, prohibits any foreign ownership or control of Allison Transmission, without regard to the specific considerations raised by any particular investor. Moreover, the President's designee, the person designated under Exon-Florio as the appropriate decision maker with respect to foreign direct investment and the national security, has already determined that the acquisition of Allison Transmission by ZF Friedrichshafen does not threaten the national security. Therefore, the Department would recommend that the Administration oppose HR 1243.

The Honorable
Lee H. Hamilton,
Chairman, Committee on Foreign Affairs,
House of Representatives.

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

If I can be of assistance on this or any other matter, do not hesitate to contact me.

Sincerely,

Wendy R. Sherman
Assistant Secretary
Legislative Affairs



Washington, D.C. 20520

Dear Mr. Gilman:

This letter is to respond to your committee's request for views on HR 1243, To Prohibit any Foreign Person from Acquiring, Directly or Indirectly, Allison Transmission, a Division of General Motors Corporation.

The Exon-Florio provision of the Defense Production Act (DPA), as amended, provides that the President or the President's designee may review on a case by case basis mergers, acquisitions and takeovers which could result in foreign control of businesses in the United States. Based on the initial review and any subsequent investigation, the President may suspend or prohibit the transaction if he finds that there is credible evidence that the particular foreign interest exercising control might take action to impair the national security, and provisions of law other than Exon-Florio and the International Emergency Economic Powers Act do not provide adequate and appropriate authority for the President to protect the national security. The initial review and any subsequent investigation are conducted by the Committee on Foreign Investment in the United States, of which the Department of State is a member.

The Department of State believes that Exon-Florio and other legislation provide the President the authority and flexibility necessary to protect the national security of the United States in the context of foreign control of investments in the United States. HR 1243, on the other hand, prohibits any foreign ownership or control of Allison Transmission, without regard to the specific considerations raised by any particular investor. Moreover, the President's designee, the person designated under Exon-Florio as the appropriate decision maker with respect to foreign direct investment and the national security, has already determined that the acquisition of Allison Transmission by ZF Friedrichshafen does not threaten the national security. Therefore, the Department would recommend that the Administration oppose HR 1243.

The Honorable
Benjamin Gilman,
House of Representatives.

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

If I can be of assistance on this or any other matter, do not hesitate to contact me.

Sincerely,

Wendy R. Sherman
Assistant Secretary
Legislative Affairs

TO: PASTER, H

FROM: LAKE

DOC DATE: 08 SEP 93
SOURCE REF:

KEYWORDS: DEFENSE CONVERSION
CO

ECONOMICS

PERSONS:

SUBJECT: INPUTS FOR RESPONSE TO SEN FEINSTEIN RE CALIFORNIA ECONOMY & DEFENSE
CONVERSION

ACTION: LAKE SGD MEMO

DUE DATE: 28 AUG 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

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSASK

CLOSED BY: NSJDA

DOC 3 OF 3

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 9306418

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 JONES	Z 93082516 PREPARE MEMO FOR LAKE
002 LAKE	Z 93090317 APPROPRIATE ACTION
002 JONES	Z 93090412 FOR FURTHER ACTION
002 LAKE	Z 93090509 FOR SIGNATURE
003	X 93090909 LAKE SGD MEMO

DISPATCH DATA SUMMARY REPORT

DOC DATE DISPATCH FOR ACTION

DISPATCH FOR INFO

003 930908 PASTER, H

UNCLASSIFIED

National Security Council
The White House

REC 9/3
7:15 PM

PROOFED BY: WA LOG # 6418
URGENT NOT PROOFED: _____ SYSTEM PBS NSC INT
BYPASSED WW DESK: _____ DOCLOG WA A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
<u>WA</u> DepExecSec	<u>1</u>	<u>WAH</u>	
ExecSec			
Staff Director			
D/APNSA	<u>2</u>		
APNSA			
Situation Room			
West Wing Desk	<u>3</u>		
NSC Secretariat			
<u>FFA</u>	<u>4</u>	<u>See Files</u>	

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc: VP McLarty Other _____

Should be seen by: _____
(Date/Time)

COMMENTS:

DISPATCH INSTRUCTIONS:

*ad Tab I
please return
to E & Secs office
with disks*

National Security Council
The White House

Jul
9/7

PROOFED BY: _____ LOG # 6418
URGENT NOT PROOFED: _____ SYSTEM PBS NSC INT
BYPASSED WW DESK: _____ DOCLOG _____ A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
DepExecSec	<u>5</u>	<u>WAH</u>	
ExecSec	<u>8</u>	<u>WA</u>	
Staff Director			
D/APNSA	<u>6</u>	<u>cy provided</u>	
APNSA	<u>7</u>		
Situation Room			
West Wing Desk	<u>9</u>		
NSC Secretariat	<u>10</u>		
<u>Jones/Bell</u>			<u>FFA</u>

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc: VP McLarty Other _____

Should be seen by: _____
(Date/Time)

COMMENTS:

*FOR REVISION - MEMO TO
PASTER - TL WOULD LIKE
A MORE POSITIVE TONE
IF POSSIBLE - ALSO NOTE
SENTENCE MARKED "VAGUE!"*

National Security Council
The White House

PROOFED BY: mm LOG # 6418
URGENT NOT PROOFED: _____ SYSTEM PRS NSC INT
BYPASSED WW DESK: _____ DOCLOG JB A/O _____

mm
DepExecSec
ExecSec
Staff Director
D/APNSA
APNSA
Situation Room
West Wing Desk
NSC Secretariat

SEQUENCE TO	HAS SEEN	DISPOSITION
11	<u>mm</u>	<u>A</u>
12	Natl Sec Advisor has seen	
13	<u>WA 7/8</u>	<u>D</u>
14		<u>N</u>

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc: VP McLarty Other _____
Should be seen by: _____
(Date/Time)

COMMENTS:

see note attached →

DISPATCH INSTRUCTIONS:

execsec has desk

NATIONAL SECURITY COUNCIL

9/8/43

Exec Sec -

The sentence marked "vague" was taken verbatim from the DFAS criteria - I have summarized it.

I have also added a positive point regarding the ability of TRP programs to give preference to defense dependent regions. done with 9/8

Lee Ann Inadomi ^(at 6:21) requests that you FAX her a copy of the approved draft paragraphs today. They want to send out a response before Friday, when Sen Feinstein will be traveling with the President.

Steve Jones

THE WHITE HOUSE

WASHINGTON

September 8, 1993

MEMORANDUM FOR HOWARD PASTER

FROM: ANTHONY LAKE ✓

SUBJECT: Inputs for Response to Senator Feinstein RE:
California Economy and Defense Conversion

You requested NSC staff recommendations for a response to Senator Feinstein's letter at Tab A. The following draft paragraphs are provided in response to the first four national security related items.

"I appreciate your recent letter outlining specific proposals to assist in rebuilding California's economy. As you know from our discussions last month in Alameda, I am deeply committed to helping Californians with the tools required to revitalize their local economies. I believe that our overall defense conversion program and the defense base reutilization plan are on the right track in accomplishing this goal. The commitment that Secretary Brown, Secretary Aspin, Deputy Secretary Perry and others in my Administration bring to these programs will work to help ensure their success.

"Within our defense conversion program, worker assistance, community development and base reuse funds are being focused where the need arises -- where workers are laid off and defense facilities are being closed or realigned. Also many of the Technology Reinvestment Project (TRP) programs give a preference to defense-dependent regions such as those in California. In addition Secretary Aspin's new criteria for the Defense Accounting and Finance (DFAS) centers will require specific consideration of facilities slated for closure or realignment.

"While defense cutbacks have adversely impacted the California economy, the Bottom-Up Review that I have just approved will continue many essential defense programs important to California and our nation, such as the F/A-18, C-17, and B-2 aircraft mentioned in your letter. At the same time, we need to continue to evaluate our defense infrastructure needs to support most efficiently these forces, and for that reason I believe it is important to continue with the Congressionally-directed defense base closure and realignment process in 1995."

RECOMMENDATION

That you incorporate these comments into the President's response to Senator Feinstein.

Attachment

Tab A Letter from Senator Feinstein

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 2, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: ROBERT G. BELL *RGB*
FROM: STEVEN R. JONES *SJR*
SUBJECT: Letter from Senator Feinstein RE: California
Economy and Defense Conversion

Legislative Affairs has forwarded a letter from Senator Feinstein (Tab A) to the President which includes a 12-point California initiative to restore the California economy. The letter has been sent to various Departments and EOP offices for input to the final response. The NSC proposed language (Tab I) provides a draft response to the first four national security related items as requested.

Senator Feinstein proposes the specific targeting of defense conversion funds and two Defense Finance and Accounting Service (DFAS) centers for California. Such earmarking of funds runs counter to the competitive design of many of these programs.

At the same time, we expect California to do well in this competition for defense conversion funds. Much of the defense worker retraining and base reuse funds will in fact be "targeted" to those areas where workers are laid-off or bases are closed. And while the Technology Reinvestment Project (TRP) awards its public-private technology partnership funds competitively, it should be noted that about one-fourth of the 3000 TRP proposals this year came from California and we expect a substantial number of California TRP awards will emerge this fall. The DFAS selection process is based upon new selection criteria established by Secretary Aspin, which does require specific consideration of defense assets made redundant by the end of the Cold War.

The attached draft paragraphs highlight some of these facts and the President's commitment to California, but stop short of earmarking portions of various programs as "California only."

Concurrences by: Keith Hall *KH*, Jeremy Rosner, *(P)*
Dorothy Robyn (NEC) *In draft*

RECOMMENDATION

That you send the attached memo to Howard Paster for incorporation into the response to Senator Feinstein.

Attachments

Tab I Memorandum for Howard Paster
Tab A Incoming Correspondence

United States Senate

WASHINGTON, DC 20510-0504

August 13, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

As we discussed, I strongly urge you to develop and implement a specific Administration-wide strategy for the California economy. The lingering recession and the effect of defense downsizing has had a devastating impact on California. The need for such a California strategy is key and critical before the nation's economy can recover.

According to the statistics for the month of July, one out of every six people unemployed in this nation resides in California. While the nation's unemployment rate dropped to 6.8% for the month of July (seasonally adjusted), California's unemployment rate jumped to 9.8% from 9.1% for the month of June. California's economy is unlike that of any other state. One of every eight Americans lives in California, and the state's economy is the seventh largest in the world. The health of the nation's economy is inextricably linked to California's.

I greatly appreciate your help in restoring to the just passed deficit reduction package some economic incentives that are vital to rebuilding California's economy. The inclusion of a targeted capital gains tax reduction, extensions of the research and development tax credit, the removal of the capital gains surcharge, and the plan to implement federal enterprise zones are a very positive first step in providing incentives for business and investment.

Now Californians need to see that their President and their elected representatives in the Senate and the House will follow-up by creating jobs. With that goal in mind, I would like to continue our dialogue on a California initiative by offering specific proposals for your consideration. All of these proposals will create good jobs, can be implemented in the immediate or near future, and are just some of the projects that can help get California's economy back on its feet. They include the following:

Targeted Defense Conversion Funds

As you know, California has suffered a devastating hit as a result of the three rounds of base closures and reductions in defense spending. Since 1988, 17 military facilities in California have closed. The most recent round resulted in the closure of 8

facilities and will cost California 100,000 good jobs with an economic impact of \$3.3 billion annually. In addition, defense-industry downsizing has cost California over 250,000 jobs in just the last two years. In total, as a result of base closures and cutbacks in aerospace and defense, California has lost almost 500,000 jobs since 1988.

You have pledged to spend \$20 billion in the next five years on defense conversion. Defense conversion funds must be targeted to those states most affected by base closures and cutbacks in defense contracting. States that have faced the greatest impacts from the end of the Cold War must be the focus of any defense conversion policy. I have introduced S.1056 which directs the Secretary of Defense to develop a formula for the targeting of these funds, and mandates that conversion funds be directed to impacted states.

Defense and Aerospace Programs

California is still the home to some of the nation's most important defense and aerospace programs which employ hundreds of thousands of people in California and throughout the country.

Some defense programs that are important to California include the following, among others:

- * F/A-18 C/D and E/F multi-role fighter, which is the Navy's priority aircraft upgrade program -- responsible for 20,000 California jobs;
- * C-17 cargo aircraft, which is capable of flying anywhere in the world and landing on austere airfields too small for other large cargo aircraft -- responsible for 30,000 California jobs; and
- * B-2 Bomber, which is the Air Force's premier "stealth" bomber capable of deep penetration missions -- responsible for 32,000 California jobs;

In addition, the Space Station, Space Shuttle and National Aerospace Plane (NASP) are important NASA programs that will help America continue its leadership in space and provide needed aerospace jobs for many Californians.

In particular, Space Station and NASP will enable the United States to excel in space technology while simultaneously providing valuable dual-use technology for both the public and private sectors. For example, for every \$1 that the United States invests in space research and development, there is a return of \$7 to the private sector. The Space Station is also the largest international endeavor ever undertaken. Canada,

The President
August 13, 1993
Page 3

Europe and Japan have all invested billions of dollars in the Space Station, and are counting on United States leadership to complete the goals of this program.

All of the programs make important contributions to America's national security, and provide significant technological benefits. I urge your continued support for these programs.

Base Closures and Realignment

I do not believe that additional military base closures make military or fiscal sense. In fact, it appears that this round of base closures, when all closure, environmental, and other economic costs are taken into consideration, is not cost effective.

Additionally, I believe that the United States is proceeding too quickly in its attempt to downsize its military and close bases. I plan to introduce an amendment to the Department of Defense Authorization for FY94 that will delay the 1995 base closure round until 1997. Before additional bases are slated for closure, the impact of the last three rounds should be scrutinized as well as the military force structure analyzed to determine the timing and necessity of future rounds of closures. Delaying further base closures until 1997 will allow California's and the nation's economy to recover. I urge your support for this amendment.

Defense Finance and Accounting Service

The Department of Defense is currently consolidating its over 100 finance and accounting centers, and will establish up to seven large facilities throughout the nation. Each of the new facilities will employ from 4,000 to 7,000 people. Secretary Aspin included in the site selection criteria for these centers that closing military facilities be given consideration as possible sites.

Because of California's size and the disproportionate impact suffered in the base closure process, I strongly urge your support for the location of two facilities in California one in the north and one in the south. I have previously contacted Secretary Aspin about locating a facility at Norton Air Force Base, and would gladly work with the Department of Defense in evaluating the option of locating a second one at the Mare Island Naval Shipyard in Vallejo, California which was included on the most recent list of bases to be closed.

San Bernadino County, where Norton AFB is located currently has an unemployment rate of 11.1%. The neighboring counties of Riverside and Los Angeles have unemployment rates of 12.9% and 10.2% respectively. The statistics for the City of

The President
August 13, 1993
Page 4

Vallejo and Solano County, where Mare Island is located, is just as bleak. The current unemployment level in Vallejo is 10.5%, and is 9.5% for Solano County. The unemployment level for the City of Vallejo once Mare Island closes, if nothing is done, is expected to reach 23%. Locating a DFAS facility at each site would create a large boost for the local workforce and economy.

Revitalization of U.S. Maritime Industry

The U.S. maritime industry is nearly non-existent. Foreign subsidies and trading practices have made it uneconomical to build, flag, and operate ships in the U.S. Currently, 27,000 Americans are employed on ships operating under the U.S. flag, which is one-third of the employment in 1970. The coastline of California makes maritime an ideal industry for expansion. I strongly urge that you and the U.S. Department of Transportation expedite the development of a maritime reform package. I am also a cosponsor of S.990, the Shipbuilding Trade Reform Act of 1993, which will help promote fair trade for the U.S. shipbuilding industry. I request that you give S.990 your strong support.

Additionally, let me mention that the National Steel and Shipbuilding Company (NASSCO) in San Diego was recently given an economic boost when it received a Navy contract for the conversion of three ships. This contract was essentially a "stay of execution" for the California shipbuilding industry, but it is not a solution to the industry's problems. NASSCO is still competing for additional Navy contracts for the construction of six new ships, which will help preserve 3,000 San Diego shipbuilding jobs. I ask you to support the San Diego shipbuilding industry by recommending that the new Navy construction contract be awarded to NASSCO.

Federal Courthouses

Congress will fund and authorize a number of federal courthouses throughout the nation by early next year. The funds for these courthouses are in the appropriations bills to be voted on this September. Two of these courthouses will be located in California, one in Santa Ana and one in Sacramento. The need for both courthouses is substantial. By the year 2017, the caseload for the Central District, where Santa Ana is located is expected to nearly double to 20,000 cases annually.

Additionally, the construction of each courthouse will employ approximately 600 construction workers, and another 600 employees once the facilities are completed. I ask your strong support for the authorization of both these courthouses, and once these projects are approved by Congress, I request that everything be done to keep the construction of these projects on time so that the needs of the judiciary are met.

Transportation

Transportation initiatives -- both transit and highway -- are extremely important to California. By improving the State's infrastructure while simultaneously boosting the economy, transportation initiatives are a "win-win" for California. As you may know, California is a donor state -- we put more money into the transportation highway trust fund than we receive. By targeting more transportation funds towards California, this imbalance can be corrected.

Programs such as the Los Angeles Metro Rail, Orange County/Anaheim expansion, and extension of the BART system in the San Francisco Bay Area, are key to California's economic recovery and will greatly improve the quality of life for the region's residents. Once the transportation appropriations are complete, I urge you to target transportation funds at California and put approval and funding for California projects on a "fast-track".

High-Speed Ground Transportation

The time to construct and develop high-speed ground transportation is now. Your Administration requested \$140 million in fiscal year 1994 for high speed ground transportation, and I strongly support this request. In California, it is time to connect Northern and Southern California with a rail spine that will run down the middle of the state.

The voters of California have already demonstrated their desire for a modernized transportation program, and have approved \$2.9 billion for rail bonds in 1990. Just last month, the California Legislature enacted a joint resolution directing the Governor to establish an Intercity High-Speed Rail Commission. The Commission will create a plan for an integrated, state-of-the-art, high speed ground transportation network by 1995. The resolution also anticipates that construction will commence on a Los Angeles to San Francisco Bay Area High-Speed Ground Transportation Corridor by the year 2000, and that a full statewide system will be operational by 2020.

The State of California is well-poised for a public/private partnership, and stands ready to compete for matching federal funds. I urge you to strongly support the development of a high-speed rail spine down the middle of California and have the U.S. Department of Transportation review and move forward on such a proposal.

It is important to mention that, high-speed rail provides jobs in the construction of trains, the laying of tracks, the development of new technologies, and the opening of new markets with greater ease of transporting goods. We must reassert the country's

The President
August 13, 1993
Page 6

commitment to the development of these technologies or fall further behind Germany and Japan who have invested heavily in the field of high-speed rail.

Additionally, I have joined 10 of my Senate colleagues in expressing support for an appropriation of \$100 million, as authorized in the Intermodal Surface Transportation Act of 1991, for the development of the magnetic levitation train technology. Magnetic levitation is an important technology that deserves the Administration's strong support.

NASA Wind Tunnel Facility

Contained in the year's NASA budget is \$74 million for the initial planning of a \$2 billion wind tunnel facility that will enable the domestic plane industry to design and construct planes much more efficiently. I strongly urge that this facility be located at the NASA Ames facility in Sunnyvale, California. This project will provide 600 construction jobs, and over 200 skilled jobs once the facility is completed. NASA Ames has been operating wind tunnels for 40 years, and no other site has the technical capability of Ames. Additionally, Silicon Valley, in the heart of Santa Clara County and where Ames is located, has been particularly hard hit by defense downsizing. Since 1987 Santa Clara County has lost 60,000 defense-related jobs, and \$1.5 billion in prime defense contracts. The wind tunnel project would provide a significant boost to the region's economy.

Department of Labor Job Corps Centers

The Department of Labor will be selecting sites for at least four new Job Corps centers this year, and depending upon funding, may choose sites for up to ten. A number of California's communities such as Fresno and San Francisco would benefit greatly from the services the Job Corps provides and are anxious to compete to be potential sites. Additionally, the Department of Labor has indicated that closed military facilities should be given consideration as possible sites for locating a center. I would be happy to work with Secretary Reich to identify potential sites in California for additional centers.

Stanford Linear Accelerator (SLAC) B-Factory

The Department of Energy is currently deciding where to locate a B Factory, either at SLAC at Stanford University in Palo Alto, California or at the Cornell Electric Storage Ring (CESR), in Ithaca, New York. There are compelling scientific, administrative, and economic reasons to demonstrate that Stanford is the best location for the development of this project. I urge you to support the placement of the B-Factory in California.

The President
August 13, 1993
Page 7

Export Controls

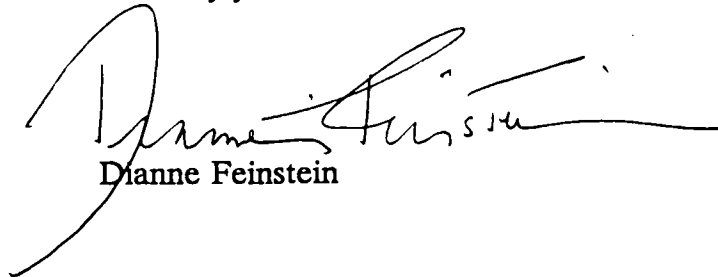
The export controls imposed on our nation's computer industry are outdated and hinder the industry's ability to compete globally. Our nation's computer industry is dependent on overseas markets, so we must ensure that our nation's export controls keep pace with our rapidly changing technology. It has been ten years since the definition of supercomputers has been examined and revised. Though the power of supercomputers has increased 100-fold during that period. We need to ensure that the U.S. government does not continue to require desk-top computers, which are readily available on the open-market, to meet strict security standards for supercomputers when foreign companies are not required to meet those standards for comparable products.

I have written and spoken with Commerce Secretary Brown requesting that in the short-run, the Commerce Department make a modest change in the definition of supercomputers until Congress and the Administration can review this issue further (letter attached). Please support the redefinition of supercomputers with regard to export controls.

Conclusion

California needs the commitment of your Administration to quickly develop a strategy to revitalize the state's economy. I know that you understand the need to rebuild California's economy, but the time to begin the process is now. I look forward to working with you in the weeks and months ahead on these and other issues of concern to both of us.

Sincerely yours,



Dianne Feinstein

Attachment

DIANNE FEINSTEIN
CALIFORNIA

United States Senate

WASHINGTON, DC 20510-0504

May 3, 1993

The Honorable Ronald H. Brown
United States Department of Commerce
Herbert C. Hoover Building
14th and Constitution Avenue, N.W.
Room #5422
Washington, D.C. 20230

Dear Mr. Secretary:

I am writing to express my concern about the current state of our export control system. With the demise of the Soviet Union and the rapid technological advances in the computer industry, the existing regulations on computer exports are, in my view, unnecessarily restrictive.

Export control reform is a critical issue affecting many California companies. In particular, computer companies including Sun Microsystems, Hewlett-Packard, Apple, Silicon Graphics, Tandem and IBM, have expressed to me their strong concern about the Export Administration Act's definition of a "supercomputer." As you may already be aware, the current definition of a "supercomputer" is 195 million theoretical operations per second (Mtops). This definition is imprecise because it captures such systems as work stations that operate at speeds that do not even come close to the levels of genuine supercomputers. Most work station systems, for instance, operate at rates below 1,000 Mtops. The state of the art supercomputers, on the other hand, operate at levels between 15,000 and 20,000 Mtops. Hence, the current regime imposes many of the same restrictions and regulations on systems that have little in common. This makes it exceedingly difficult for many firms to sell their most competitive computers abroad.

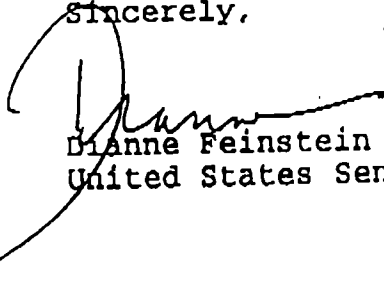
I am not asking that the export control system be eliminated. There remains a strong national security rationale for export controls. I would hope, however, that this system would take into account the computer industry's rapid rate of technological innovation. If it does not, we could significantly damage one of California's, and our nation's, most dynamic industries.

I plan to introduce legislation to change the Export Administration Act's "supercomputer" definition. I believe that the definition should be indexed to the performance capability of the industry's top supercomputers. In the interim, however, I would strongly urge the Administration to take the appropriate action to raise the definition as quickly as possible. I believe that even a modest increase in the definition would be

beneficial, in the short-run, until Congress and the Administration can further review and correct this problem. At a minimum, I would hope that the definition could be raised to a range between 650 and 750 Mtops to avoid capturing work stations. Such a solution is essential to maintaining the competitiveness of the U.S. computer industry.

I look forward to working with you on this and other matters in the future. If you have any questions or comments about my proposal, please feel free to contact me.

Sincerely,


Dianne Feinstein
United States Senator

cc: Mr. William Perry
Mr. Samuel R. Berger

P.S. Ron,

With the demise of the Smith
agreement, it seems
to me that there is
little justification for continuation
of these export restrictions. Besides
U.S. companies just lose the sale
to a foreign country who sells
to them. Best,

NATIONAL SECURITY COUNCIL

9/8/93

Exec Sec -

The sentence marked "vague" was taken verbatim from the DFAS criteria - I have summarized it.

I have also added a positive point regarding the ability of TRIP programs to give preference to defense dependent regions.

Lee Ann Inadomi requests that you FAX her a copy ^(at x6321) of the approved draft paragraphs today. They want to send out a response before Friday, when Sen Feinstein will be traveling with the President.

Steve Jones

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR HOWARD PASTER

FROM: ANTHONY LAKE

SUBJECT: Inputs for Response to Senator Feinstein RE:
California Economy and Defense Conversion

You requested NSC staff recommendations for a response to Senator Feinstein's letter at Tab A. The following draft paragraphs are provided in response to the first four national security related items.

"I appreciate your recent letter outlining specific proposals to assist in rebuilding California's economy. As you know from our discussions last month in Alameda, I am deeply committed to helping Californians with the tools required to revitalize their local economies. I believe that our overall defense conversion program and the defense base reutilization plan are on the right track in accomplishing this goal. The commitment that Secretary Brown, Secretary Aspin, Deputy Secretary Perry and others in my Administration bring to these programs will work to help ensure their success.

Within our defense conversion program, worker assistance and base reuse funds are being focused where the need arises -- where workers are laid off and defense facilities are being closed or realigned. Secretary Aspin's new criteria for the Defense Accounting and Finance (DFAS) centers will require specific consideration of ~~the use of defense assets made redundant by the end of the Cold War~~. *community development* *facilities slated for closure or realignment.* *vague*

"While defense cutbacks have adversely impacted the California economy, the Bottom-Up Review that I have just approved will continue many essential defense programs important to California and our nation, such as the F/A-18, C-17, and B-2 aircraft mentioned in your letter. At the same time, we need to continue to evaluate our defense infrastructure needs to support most efficiently these forces, and for that reason I believe it is important to continue with the Congressionally-directed defense base closure and realignment process in 1995."

RECOMMENDATION

That you incorporate these comments into the President's response to Senator Feinstein.

Attachment

Tab A Letter from Senator Feinstein

Also many of the Technology Reinvestment Project (TRP) programs give a preference to defense-dependent regions such as those in California. In addition

THE WHITE HOUSE

WASHINGTON

August 23, 1993

MEMORANDUM FOR WILL ITOH

FROM: SUSAN BROPHY *SB*
LEGISLATIVE AFFAIRS

SUBJECT: Defense Related Issues

Enclosed please find a copy of the letter that was sent to the President from Senator Dianne Feinstein (D-CA).

The President has requested that he see and sign every letter going to Capitol Hill. We did not want to fully answer the defense-related issues addressed in the Senator's letter without advice from your department; therefore, I am requesting that your office draft a response and return it to LeeAnn Inadomi (WH-East Wing) within 48 hours. She will then print the letter in final form and have President Clinton sign the letter.

Thank you very much for your assistance with this matter. If you have any questions, please feel free to call LeeAnn at 456-7500.

Enclosure

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20508

September 8, 1993

MEMORANDUM FOR LYNN DAVIS
Department of State

FRANK WISNER
Department of Defense

JOHN KELIHER
Department of Energy

CRAIG CHELLIS
Central Intelligence Agency

MICHAEL RYAN
Joint Chiefs of Staff

THOMAS GRAHAM
Arms Control and Disarmament Agency

GORDON ADAMS
Office of Management and Budget

SUBJECT: Legislative Strategy Group on Arms Control
Meeting -- September 14, 10:30 A.M. - 12:00 P.M.
15 2-3:00 P.M.

There will be a meeting of the Legislative Strategy Group, co-chaired by Wendy Sherman, Assistant Secretary of State for Legislative Affairs, and me, on Tuesday, September 14, 10:30-12:00 in Room 208 to review outstanding issues. The discussion will focus on:

- START II
- SSD/Early deactivation
- Chemical Weapons Convention
- Nuclear Testing
- 1980 Conventional Weapons Convention

Agency principals should include a representative from their legislative offices.

Robert G. Bell
Robert G. Bell
Special Assistant to the President
and Senior Director for Defense
Policy and Arms Control

cc: Elisa Harris
Don Gross
Rose Gottemoeller
Alan Kreczko

2-3:00 p.m.

Wednesday

UNCLASSIFIED
FAX TRANSMITTAL SHEET

THE NATIONAL SECURITY COUNCIL

FROM: Bob Bell (Sondie)
PHONE: (202) 395-3330
FAX: 395-1185

TO: FRANK WISNER FAX: 697-8520 PHONE: 697-7200
ATTN: Penny

NUMBER OF PAGES INCLUDING COVER SHEET 2

SPECIAL INSTRUCTIONS: _____

UNCLASSIFIED

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. memo	For Lynn Davis et al. [CIA Act] [partial] (1 page)	09/08/1993	P3/b(3)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 47

FOLDER TITLE:

Chron File - September 1993 #1 [4]

2016-0152-F

vz4465

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]

Christie

NATIONAL SECURITY COUNCIL
WASHINGTON DC 20508

1723

September 8, 1993

MEMORANDUM FOR ✓ LYNN DAVIS
Department of State

✓ FRANK WISNER
Department of Defense

1703-695-0038

✓ JOHN KELIHER
Department of Energy

✓ CRAIG CHELLIS
Central Intelligence Agency

(b)(3)

(b)(3)

[005]

✓ MICHAEL RYAN
Joint Chiefs of Staff

✓ THOMAS GRAHAM
Arms Control and Disarmament Agency

✓ GORDON ADAMS
Office of Management and Budget

SUBJECT: Legislative Strategy Group on Arms Control
Meeting -- September 14, 10:30 A.M.-12:00 P.M.

There will be a meeting of the Legislative Strategy Group, co-chaired by Wendy Sherman, Assistant Secretary of State for Legislative Affairs, and me, on Tuesday, September 14, 10:30-12:00 in Room 208 to review outstanding issues. The discussion will focus on:

- START II
- SSD/Early deactivation
- Chemical Weapons Convention
- Nuclear Testing
- 1980 Conventional Weapons Convention

Agency principals should include a representative from their legislative offices.

Robert G. Bell

Robert G. Bell
Special Assistant to the President
and Senior Director for Defense
Policy and Arms Control

cc: Elisa Harris
Don Gross
Rose Gottemoeller
Alan Kreczko

Wendy Sherman / J. Lodge

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 9, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: DANIEL PONEMAN *DP*

FROM: ELISA D. HARRIS *EDH*

SUBJECT: State Markup of Proposed Amendment to S. 1298,
National Defense Authorization Act for FY 1994

State's markup of a proposed amendment to S. 1298, the National Defense Authorization Act for FY 1994, was forwarded for review. The attached memo to Ron Peterson indicates that the NSC supports efforts to obtain changes to the amendment, based on concerns raised by State and other agencies.

Concurrences by: *Indy* Jeremy Rosner, *Bob Bell* Bob Bell

RECOMMENDATION

That you sign the memo at Tab I.

Attachments

Tab I Memo to Ron Peterson
Tab II Incoming from OMB

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR RONALD K. PETERSON

FROM: WILLIAM H. ITOH

SUBJECT: State Markup of Proposed Amendment to S.1298,
National Defense Authorization Act for FY 1994

NSC supports efforts to obtain changes to the proposed amendment, based on concerns raised by State and other agencies. That view was relayed telephonically to OMB on September 9, 1993.

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18:04 202 647 1348

OMB LRD/RDI
DOS LEGIS AFFAIR
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*** DOS LEGIS AFFAIR

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State believes that S.1172 would impose severe costs on US foreign relations and the US economy, and contains provisions that are so vague as to be essentially unenforceable. In particular, we note that:

- The mandatory export sanction has been made retroactive, requiring the revocation of existing licenses. This broadens the scope of the mandatory sanctions and will unduly affect US exporters. Moreover, the provision appears to require revoking existing general and distribution licenses as well as individual licenses -- thereby amounting to a *de facto* embargo.
- A new, mandatory "transiting US territory" sanction has been added that is extremely broad (including no transit of certain "technology"), vague, and difficult to enforce. For example, it is unclear whether we would have to bar entry into US territory of all employees of a sanctioned entity -- and if so, how that could be enforced. Also, it is unclear what degree of involvement is necessary for a foreign person to be considered to have "developed" a technology -- and thus which technologies' transits through the US are to be barred, much less how the USG could effectively bar the transit of "technology" (which includes blueprints, software, and expertise).
- These same mandatory sanctions -- with their same problems of breadth, vagueness, and difficulty of enforcement -- have been made ~~country-wide~~ in application, not just limited to specific foreign persons. This could result in a total trade embargo against a country, as well as wide-ranging transit prohibitions (extending to all citizens of a country as well as to a wide array of "technology").
- These new, more problematic sanctions can be waived only under extremely rigorous conditions that magnify their deleterious effects on US foreign policy and the US economy. And these same conditions -- as well as new ones that are difficult to meet in their own right -- would have to be met to terminate the sanctions without waiving, but only after at least 24 months had expired. But these conditions are so onerous as to make it difficult to say when, if ever, sanctions might be terminated.

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AMENDMENT NO. _____

Calendar No. _____

Purpose: To amend the National Defense Authorization Act for Fiscal Year 1993, to impose sanctions on certain transfers of equipment and technology used in the manufacture or delivery of weapons of mass destruction and to impose additional sanctions for violations of that Act.

IN THE SENATE OF THE UNITED STATES--103d Cong., 1st Sess.

S.1298

To authorize appropriations for fiscal year 1994 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

Referred to the Committee on _____
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. McCain

Vis:

- 1 At the appropriate place in the bill, insert the follow-
- 2 ing new title:

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1 **TITLE _____IRAN-IRAQ ARMS**
2 **NON-PROLIFERATION**
3 **AMENDMENTS OF 1993**

4 **SEC. ____01. SHORT TITLE; REFERENCES IN ACT.**

5 (a) **SHORT TITLE.**—This title may be cited as the
6 "Iran-Iraq Arms Non-Proliferation Amendments of
7 1993".

8 (b) **REFERENCES IN TITLE.**—Except as specifically
9 provided in this title, whenever in this title an amendment
10 or repeal is expressed as an amendment to or repeal of
11 a provision, the reference shall be deemed to be made to
12 the National Defense Authorization Act for Fiscal Year
13 1993.

14 **SEC. ____02. STATEMENT OF POLICY.**

15 It is the policy of the United States—

16 (1) to halt the proliferation of ~~weapons of mass~~ ^{advanced conventional}
17 ~~destruction~~ ^{weapons} within Iran and Iraq; and

18 (2) to halt the transfer from any foreign coun-
19 try or foreign person to Iran or Iraq of all weapons
20 of mass destruction and significant components or
21 technology or that can be used to manufacture or
22 deliver weapons of mass destruction.

23 **SEC. ____03. STATEMENT OF PURPOSE.**

24 It is the purpose of this title to impose additional
25 sanctions against those foreign countries and persons that

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1 ~~transfer weapons of mass destruction~~, destabilizing num-
2 bers and types of advanced conventional weapons, or
3 equipment and technology that assist in enhancing the ca-
4 pabilities of Iran or Iraq to manufacture and deliver such
5 weapons.

6 SEC. 1804. SANCTIONS AGAINST PERSONS.

7 Section 1804 is amended to read as follows:

8 SEC. 1804. SANCTIONS AGAINST PERSONS.

9 "(a) PROHIBITION.—If the President determines that
10 any person has transferred or retransferred goods or tech-
11 nology so as to contribute knowingly and materially to the
12 efforts by Iran or Iraq (or any agency or instrumentality
13 of either such country) to acquire destabilizing numbers
14 and types of advanced conventional weapons or to acquire
15 ~~weapons of mass destruction or the means of their deliv-~~

16 ~~ery, then—~~

17 "(1) the sanctions described in subsection (b)
18 shall be imposed; and

19 "(2) the President may apply, in the discretion
20 of the President, the sanctions described in sub-
21 section (a).

22 "(b) MANDATORY SANCTIONS.—The sanctions to be
23 imposed pursuant to subsection (a)(1) are as follows:

24 "(1) PROCUREMENT SANCTION.—Except as
25 provided in subsection (d), the United States Gov-

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1 ernment shall not procure directly or indirectly, or
2 enter into any contract for the procurement of, any
3 goods or services from the sanctioned person.

4 "(2) EXPORT SANCTION.—The United States
5 Government shall not issue any license for any ex-
6 port by or to the sanctioned person, ~~and shall revoke~~
7 ~~any such license issued before the effective date of~~
8 ~~this sanction.~~

9 ~~NEW~~ (3) ~~TRANSITING UNITED STATES TERRI-~~
10 ~~TORY.—(A) Notwithstanding any other provision of~~
11 ~~law (other than a treaty or other international~~
12 ~~agreement), no sanctioned person, no item which is~~
13 ~~the product or manufacture of the sanctioned per-~~
14 ~~son, and no technology developed by the sanctioned~~
15 ~~person, may transit any territory subject to the ju-~~
16 ~~isdiction of the United States.~~

17 ~~“(B) The Secretary of Transportation may pro-~~
18 ~~vide for such exceptions from this paragraph as the~~
19 ~~Secretary considers necessary to provide for emer-~~
20 ~~gencies in which the safety of a vessel or its crew or~~
21 ~~passengers is threatened.~~

22 ~~NEW~~ (4) ~~DISCRETIONARY SANCTIONS.—The sanctions re-~~
23 ~~ferred to in subsection (a)(2) are as follows:~~

24 ~~NEW~~ (1) ~~FINANCIAL INSTITUTIONS.—(A) The~~
25 ~~President may by order prohibit any depository in-~~

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1 institution that is chartered by, or that has its prin-
2 cipal place of business within, a State or the United
3 States from making any loan or providing any credit
4 to the sanctioned person, except for loans or credits
5 for the purpose of purchasing food or other agricul-
6 tural commodities.

7 "(B) As used in this paragraph, the term 'de-
8 pository institution' means a bank or savings asso-
9 ciation, as defined in section 3 of the Federal De-
10 posit Insurance Act.

11 "(2) USE OF AUTHORITIES OF THE INTER-
12 NATIONAL EMERGENCY ECONOMIC POWERS ACT.—
13 The President may exercise the authorities of the
14 International Emergency Economic Powers Act to
15 prohibit any transaction involving any property in
16 which the sanctioned person has any interest what-
17 soever except for transactions involving the provision
18 of humanitarian assistance.

19 "(3) PROHIBITION ON VESSELS THAT ENTER
20 PORTS OF SANCTIONED COUNTRIES TO ENGAGE IN
21 TRADE.—

22 "(A) IN GENERAL,—Beginning on the
23 10th day after a sanction is imposed under this
24 Act against a country, a vessel which enters a
25 port or place in the sanctioned country to en-

Handwritten notes and signatures:
Transmitted
to the
President
for his
signature
10/1/93
[Signature]

09/09/93

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1 gage in the trade of goods or services may not,
2 if the President so requires, within 180 days
3 after departure from such port or place in the
4 sanctioned country, load or unload any freight
5 at any place in the United States.]

6 "(B) DEFINITIONS.—As used in this para-
7 graph, the term 'vessel' includes every descrip-
8 tion of water craft or other contrivance used, or
9 capable of being used, as a means of transpor-
10 tation in water, but does not include aircraft.

11 "(d) EXCEPTIONS.—The sanction described in sub-
12 section (b)(1) shall not apply—

13 "(1) in the case of procurement of defense arti-
14 cles or defense services—

15 "(A) under existing contracts or sub-
16 contracts, including the exercise of options for
17 production quantities to satisfy operational mili-
18 tary requirements essential to the national secu-
19 rity of the United States;

20 "(B) if the President determines that the
21 person or other entity in which the sanctions
22 would otherwise be applied is a sole source sup-
23 plier of the defense articles or services, that the
24 defense articles or services are essential, and

Let Pico
he may not;
he so say.
180 days, or
if he wants
90 days

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1 that alternative sources are not readily or rea-
2 sonably available; or

3 "(1) if the President determines that such
4 articles or services are essential to the national
5 security under defense coproduction agree-
6 ments;

7 "(2) to products or services provided under con-
8 tracts entered into before the date on which the
9 President makes a determination under subsection
10 (a);

11 "(3) in the case of contracts entered into before
12 the date on which the President makes a determina-

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1 " (e) CONSULTATION WITH AND ACTIONS BY FOR-
2 EIGN GOVERNMENT OF JURISDICTION.—

3 " (1) CONSULTATIONS.—Whenever the Presi-
4 dent makes a determination under subsection (a)
5 with respect to a foreign person, the Congress urges
6 the President—

7 " (A) to initiate consultations immediately
8 with the government with primary jurisdiction
9 over that foreign person with respect to the im-
10 position of sanctions pursuant to this section;
11 and, *AS APPROPRIATE,*

12 " (B) to take steps in the United Nations
13 and other multilateral groups to negotiate com-
14 prehensive multilateral sanctions pursuant to
15 the provisions of chapter 7 of the United Na-
16 tions Charter, including a partial or complete
17 embargo, against the government of the foreign
18 country of primary jurisdiction over that sanc-
19 tioned person, as long as that government has
20 not taken specific and effective actions, includ-
21 ing appropriate penalties, to terminate the in-
22 volvement of the sanctioned person or firm in
23 the activities described in section 1604(a).

24 " (2) ACTIONS BY GOVERNMENT OF JURISDIC-
25 TION.—In order to pursue such consultations with

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1 that government, the President may delay imposition
2 of sanctions pursuant to subsections (b) and (c) for
3 up to 90 days. Following these consultations, the
4 President shall impose sanctions immediately unless
5 the President determines and certifies to the Con-
6 gress that that government has taken specific and
7 effective actions, including appropriate penalties, to
8 terminate the involvement of the foreign person in
9 the activities described in subsection (a). The Presi-
10 dent may delay the imposition of sanctions for up to
11 an additional 90 days if the President determines
12 and certifies to the Congress that that government
13 is in the process of taking the actions described in
14 the preceding sentence.

15 "(3) REPORT TO CONGRESS.—Not later than
16 90 days after the application of sanctions under this
17 section, the President shall submit to the Committee
18 on Foreign Relations and the Committee on Govern-
19 mental Affairs of the Senate and the Committee on
20 Foreign Affairs of the House of Representatives a
21 report on the status of consultations with the appro-
22 priate government under this subsection, and the
23 basis for any determination under paragraph (2) of
24 this subsection that such government has taken spe-
25 cific corrective actions."

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1 SEC. ____06. SANCTIONS AGAINST CERTAIN FOREIGN COUN-
2 TRIES.

3 Section 1605 is amended--

4 (1) in subsection (a)--

5 (A) ~~by inserting "or to acquire weapons of~~
6 ~~mass destruction or the means of their deliv-~~
7 ~~ery" after "determining numbers and types of~~
8 ~~advanced conventional weapons"; and~~

9 (B) in paragraph (2), by striking "sanc-
10 tion" and inserting "sanctions";

11 (2) in subsection (b), by adding at the end the
12 following new paragraph:

13 "(6) OTHER SANCTIONS.—The President shall
14 apply the same sanctions described in paragraphs
15 (1) through (4) of section 1604(b), together with the
16 exception described in subsection (d), with respect to
17 actions of a foreign government;"; and

18 (3) in subsection (c)—

19 (A) by striking "SANCTION.—The sanction
20 referred to in subsection (a)(2) is" and insert-
21 ing "SANCTIONS.—The sanctions referred to in
22 subsection (a)(2) are"; and

23 (B) by adding at the end the following new
24 paragraphs:

25 "(8) DENIAL OF MOST-FAVORED-NATION STA-
26 TUS.—Notwithstanding any other provision of law,

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1 the President may suspend the application of non-
2 discriminatory trade agreement (most-favored-nation
3 status) to the sanctioned country for such time as
4 the President so determines.

5 "(4) DIPLOMATIC RELATIONS.—The President
6 is urged to downgrade or suspend diplomatic rela-
7 tions between the United States and the government
8 of the sanctioned country.

9 "(6) SUSPENSION OF SPECIAL TRADE PRIVI-
10 LAGES.—The President is authorized to suspend
11 special trade privileges which were extended pursu-
12 ant to the Generalized Systems of Preferences or the
13 Caribbean Basin Initiative.

14 "(8) SUSPENSION OF TRADE AGREEMENTS.—
15 The President is authorized to suspend any trade
16 agreement with the sanctioned country.

17 "(7) REVOCATIONS OF LICENSES FOR EXPORT
18 OF NUCLEAR MATERIAL.—The Nuclear Regulatory
19 Commission is authorized to revoke any license for
20 the export of nuclear material pursuant to a nuclear
21 cooperation agreement with the sanctioned country.

22 "(8) PRESIDENTIAL ACTION REGARDING AVIA-
23 TION.—(A)(1) The President is authorized to notify
24 the government of a sanctioned country of his inten-
25 tion to suspend the authority of foreign air carriers

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1 owned or controlled by the government of that coun-
2 try to engage in foreign air transportation to or
3 from the United States.

4 "(ii) The President is authorized to direct the
5 Secretary of Transportation to suspend at the earli-
6 est possible date the authority of any foreign air car-
7 rier owned or controlled, directly or indirectly, by
8 that government to engage in foreign air transpor-
9 tation to or from the United States, notwithstanding
10 any agreement relating to air services.

11 "(B)(i) The President may direct the Secretary
12 of State to terminate any air service agreement be-
13 tween the United States and a sanctioned country in
14 accordance with the provisions of that agreement.

15 "(ii) Upon termination of an agreement under
16 this subparagraph, the Secretary of Transportation
17 is authorized to take such steps as may be necessary
18 to revoke at the earliest possible date the right of
19 any foreign air carrier owned, or controlled, directly
20 or indirectly, by the government of that country to
21 engage in foreign air transportation to or from the
22 United States.

23 "(C) The President may direct the Secretary of
24 Transportation to provide for such exceptions from
25 this subsection as the President considers necessary

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1 to provide for emergencies in which the safety of an
2 aircraft or its crew or passengers is threatened.

3 "(D) For purposes of this paragraph, the terms
4 'aircraft', 'air carrier', 'air transportation', and 'for-
5 sign air carrier' have the meanings given those
6 terms in section 101 of the Federal Aviation Act of
7 1958 (49 U.S.C. 1301).

8 "(9) ~~OTHER SANCTIONS.~~—The President may
9 apply the sanctions described in section 1605(c) with
10 respect to actions of a foreign government."

11 SEC. ____ 06. WAIVER.

12 Section 1606 is amended—

13 (1) by striking "waiver" each place it appears
14 and inserting "~~recommendation~~, modification, and
15 waiver"; and

16 (2) by striking "waive" each place it appears
17 and inserting "modify or waive".

18 SEC. ____ 07. TERMINATION OF SANCTIONS.

19 The Act is amended by inserting after section 1606
20 the following new section:

21 "SEC. 1606A. TERMINATION OF SANCTIONS.

22 "Except as otherwise provided in this title, the sanc-
23 tions imposed pursuant to ~~section 1605(c)~~ ^{the Act} shall apply
24 for a period of at least 24 months following the imposition

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1 of sanctions and shall cease to apply thereafter only if the
2 President determines and certifies to the Congress that—

3 “(1) reliable information indicates that the
4 sanctioned person or government has ceased to vio-
5 late this Act; and

6 “(2) the President has received reliable assur-
7 ances from the sanctioned person or government
8 that such person or government will not, in the fu-
9 ture, violate this Act.”.

10 **SEC. ____ 68. RULES AND REGULATIONS.**

11 The Act is amended by inserting after section 1607
12 the following new section:

13 **“SEC. 1607A. RULES AND REGULATIONS.**

14 “The President is authorized to prescribe such rules
15 and regulations as the President may require to carry out
16 this Act.”.

17 **SEC. ____ 69. DEFINITIONS.**

18 Section 1608 is amended by adding at the end the
19 following new paragraphs:

20 “(8) The term ‘goods or technology’ includes any
21 item of the type that is listed on the Nuclear Referral List
22 under section 809(c) of the Nuclear Non-Proliferation Act
23 of 1978, the United States Munitions List (established in
24 section 88 of the Arms Export Control Act), or the MTCR
25 Annex (as defined in section 74(4) of the Arms Export

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1 Control Act) or any item that is subject to licensing by
2 the Nuclear Regulatory Commission.

3 "(9) The term 'United States' includes territories and
4 possessions of the United States and the customs waters
5 of the United States, as defined in section 401 of the
6 Tariff Act of 1930 (19 U.S.C. 1401).

7 "(10) The term 'weapons of mass destruction' in-
8 cludes nuclear, chemical, and biological weapons, bomber
9 aircraft with a range in excess of 600 nautical miles, mis-
10 siles, and missile equipment and technology."

11 SEC. 10. CONFORMING AMENDMENT.

12 Section 1609(a) is amended by striking "chemical, bi-
13 ological, nuclear," and inserting "weapons of mass de-
14 struction".

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OFFICE OF UNDER SECRETARY OF DEFENSE

2000 DEFENSE PENTAGON
WASHINGTON, DC 20301-2000

SEP 8 8 1993

MEMORANDUM FOR ELISA HARRIS, NSC

Mark Gray for

From: Mitch Wallerstein, DASD for Counterproliferation

Subject: DOD Position on "Iran-Iraq Arms Non-Proliferation
Amendments of 1993."

The proposed bill would strengthen mandatory and discretionary sanctions against foreign persons and foreign governments assisting Iran or Iraq acquire weapons of mass destruction. The bill would also provide the President with greater flexibility by providing exceptions for certain U.S. Government procurement and humanitarian activities. While our view of the legislation is generally favorable, the Department does have the following reservations:

Section 1604 paragraph (a) should be amended to read:
"Prohibition: If the President determines that any person has transferred or retransferred goods or technology so as to contribute knowingly and materially to the efforts by Iran or Iraq (or any agency or instrumentality of either such country) to develop or produce indigenously or acquire destabilizing numbers and types of advanced conventional weapons or to acquire weapons of mass destruction or the means of their delivery, then...

The Department would prefer that all sanctions under section 1604 be applied at the discretion of the President.

~~Section 1605 is ambiguous regarding whether or not the sanctions described are mandatory or discretionary. The Department believes that the sanctions in both sections 1604 and 1605 should be applied at the discretion of the President.~~

Section 1606(a) stipulates that sanctions "shall apply for a period of at least 24 months." The Department believes that the President should be given the flexibility to terminate sanctions earlier should he determine that the sanctioned person or government "has ceased to violate this act...and that such person or government will not, in the future, violate this act."

OMB NOTE: The subject amendment has been revised to (1) address only conventional weapons and (2) drop import sanctions. This Defense memo does not reflect these changes.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. memo	Legislative Referral Memorandum, LRM #I-1203. [CIA Act] [partial] (1 page)	09/09/1993	P3/b(3)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 47

FOLDER TITLE:

Chron File - September 1993 #1 [4]

2016-0152-F

vz4465

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]

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20502

September 9, 1993

LEGISLATIVE REFERRAL MEMORANDUM

LRM #1-1203

TO: Legislative Liaison Officer -

ACDA - Barbara Starr - (202)647-8478 - 234

CIA - (b)(3)

[006]

COMMERCE - Michael A. Levitt - (202)682-3086 - 324

ENERGY - Bob Rabben - (202)586-6718 - 209

USTR - Fred Montgomery - (202)395-3475 - 223

STATE - Julia C. Norton - (202)647-4463 - 225

TRANSPORTATION - Tom Harlin - (202)366-4687 - 226

JUSTICE - Sheila F. Anthony - (202)514-2141 - 217

NSC - William H. Itoh - (202)395-3723 - 249

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: State Markup of the Proposed Amendment(s) RE:
S 1298, National Defense Authorization Act
for Fiscal Year 1994

DEADLINE: 10:30 A.M., TODAY, THURSDAY, September 9, 1993

COMMENTS: Attached is the State Department markup of the proposed amendment, the "Iran-Iraq Arms Non-proliferation Amendment of 1993". Your agency's views on the proposed markup are requested by the deadline noted. For your reference, the Defense position paper is also included. If you do not respond by 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:

D. Gassaman
B. Sasser
J. Palmieri
H. Paster

D. Taft
J. Ashford
G. Adams

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