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C O N F I D E N T I A L52
Return to CCLAugust 26th, 1959COCCM Document Sub-C(59)2BCOORDINATING COMMITTEEREPORT BY THE CHAIRMAN OF THE SUB-COMMITTEEONEXPORT CONTROLS19th to 22nd May, 1959.BELGIUM (LUXEMBOURG)Mr. Blondiau (Chairman)
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Mr. PoirierCANADA

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Mr. GuinebaultGERMANYDr. Kruse
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Mr. PaoliJAPANMr. Mitsui
Mr. Tokuhisa
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NORWAY

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Mr. SmithUNITED STATESMr. Allen
Mr. Goinga
Mr. Borton
Mr. Anderson
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Mr. Smith
Mr. HelmanC O N F I D E N T I A L

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CONFIDENTIAL

- 2 -

COCOM Document Sub-C(59)2:CONTENTS

	<u>Paragraphs</u>	<u>Pages</u>
I. Approval of the Agenda	1 - 7	3
II. Chairman's Report on the last meeting	8	3
III. Diversions	9 - 63	3 - 11
Cases to be considered	10 - 39	3 - 7
Possible loopholes in transactions involving non-Member Countries	40 - 55	7 - 9
Exchange of information on East-West traders involved in the shipment of strategic commodities to the Sino-Soviet Bloc	56 - 63	10 - 11
IV. Review of existing procedures	64 - 135	11 - 19
(a) I.C./D.V. Procedure	64 - 118	11 - 17
(b) T.A.C. Procedure	119 - 135	18 - 19
V. Revision of the Commodity Identification Manual	136 - 137	20
VI. Publication of Amendments to the new Lists	138 - 149	20 - 21
VII. Proposal to establish a Working Group of control service officials	150 - 163	21 - 23
VIII. Statistics on Secondary Controls: Dependent Overseas Territories	164 - 167	23
IX. Cooperation by Non-Member Countries	168 - 169	23 - 24
X. Addresses of Authorities cooperating in the export controls system	170 - 171	24
XI. Next Meeting	172	24
XII. Other questions	173	24

ANNEX.

Text submitted by the United States concerning the exemption granted to Government agencies in the context of the I.C./D.V. procedures.

C O N F I D E N T I A L

CONFIDENTIAL

- 3 -

COCOM Document Sub-C(59)2P

I. APPROVAL OF THE AGENDA
(Annex to COCOM Document 3486)

1. While concurring in the agenda, the UNITED STATES Delegate observed: (a) that Item 3(c) would appear to be appropriate for discussion in either the Sub-Committee proper or in the Working Group which the United States anticipated would be set up for the examination of diversion cases; and (b) that Item 3(d) appeared to be an item primarily for consideration by the Sub-Committee itself.
2. The United States Delegate further suggested that Item 3(b)(1) (Diversion of Argentine Borax) be combined with Item 3(b)(3) of the agenda inasmuch as the United States had submitted a diversion case on Argentine borax (COCOM Doc. 3528) which would be considered under the latter item.
3. The approval of the Agenda gave rise to an exchange of views regarding Item 7(a) which concerned a German suggestion for the creation of a Working Group composed of control service officials which would study the problems arising from the interpretation of the International Lists and the Administrative Principles.
4. The FRENCH Delegate considered that this problem had a political aspect and did not lie within the competence of the Sub-Committee but in that of the Coordinating Committee.
5. The GERMAN Delegate pointed out that his proposal was intended simply to allow of a comparison of points of view between officials responsible for applying the controls.
6. The UNITED STATES Delegate expressed the view that Item 7 of the agenda would appear to be a matter more appropriately for consideration by the Coordinating Committee, except for certain specific problems which might be discussed bilaterally.
7. The CHAIRMAN having observed that he would take care that the political aspect of the matter should not be touched on, the SUB-COMMITTEE approved the Agenda set out in the Annex to COCOM Document 3486.

II. CHAIRMAN'S REPORT ON THE LAST MEETING: POSSIBLE COMMENTS
(COCOM Document No. Sub-C(59)1 B)

8. The Chairman's report on the Sub-Committee's previous meeting did not give rise to any special comments.

III. DIVERSIONS

(a)

9. In accordance with a United States proposal, the examination of diversion cases was intended (1) to determine where closer cooperation among the participating countries could or might have frustrated a diversion and (2) to appreciate to a closer extent the complexities of the diversions, the devious routes utilised, and a clear identification of the techniques.

(b) Cases to be considered

(i) Attempted Diversion of Boracite (COCOM Document 3468)

10. The Sub-Committee examined the case referred to in COCOM Document 3468 which concerned an export of 6,700 tons of boracite from Turkey to Greece.

C O N F I D E N T I A L

11. The TURKISH Delegate stated that his authorities had issued the export licence asked for against an IC No. 1225 issued by the Bank of Greece. On the 5th March 1959 the Greek vessel "Martha" had loaded the 6,700 tons of boracite and had left Turkey on the 11th March. The Turkish authorities had subsequently been informed by telegram of the fraudulent nature of the transaction. It was to be noted moreover that it had been impossible to trace the exact address of the Greek importer. Upon receipt of this telegram, the Turkish authorities had got into touch with the Greek authorities: as the shipment had been paid for f.o.b. by the Greek importer, the goods belonged to the latter.
12. The GREEK Delegate in his turn provided the following details: the 6,700 tons of boracite involved had been intended at the outset for delivery to Yugoslavia. The following conditions had at that time been stipulated for the issue of an import certificate: (a) a credit was to be opened in Yugoslavia, (b) the exporter was to provide a Yugoslav import certificate, (c) a 100% guarantee was to be paid and a document certifying the arrival of the goods in Yugoslavia was to be submitted within two months. The Greek trader had been unable to comply with these conditions. When the Greek Government had been informed that the boracite consigned to Greece was in fact on the way to the Soviet Bloc, they had ordered the ship to return to port at the Piraeus. The action taken by the Greek authorities had been forcible and had involved serious risks because the injured parties might claim damages in Court. Since the seizure of the goods, the Greek legal authorities had been preparing this case. The Delegate stated furthermore that payment had been made to the Turkish exporter in dollars and not within the normal framework of the Greco-Turkish clearing arrangements.
13. In this connection the CHAIRMAN pointed out that as Greece had not at the present time liberated their payments, it was necessary to act with circumspection before issuing an export licence. The Chairman added that it seemed to him that certain Turkish trading companies were unaware of the status of borax.
14. The TURKISH Delegate stated that as a licence was required for the export of this product, it appeared surprising that Turkish companies should not know of its strategic nature. Nevertheless a reminder would be sent on this subject to the companies concerned.
15. The UNITED KINGDOM Delegate stated that as a United Kingdom firm seemed to have been involved in this matter in the capacity of agent for the owner of the ship and to have sent the captain the order to return to port, the United Kingdom authorities were at present carrying out an enquiry to determine the degree of responsibility of this firm and whether their action constituted a violation of the laws of the United Kingdom.
16. The GERMAN Delegate noted with satisfaction that the goods had returned to Greece, but asked whether there was not still a risk of their being diverted to an illegal destination.
17. The TURKISH Delegate replied that obviously Greece did not consume such a large quantity of borax and that it was now the task of the Greek authorities to dispose of it legally. In reply to the Italian Delegate, who asked whether the goods had been imported finally into Greece or only unloaded in transit, the Turkish Delegate said that according to the information he had received, any re-export from Greece would have to be authorised by the Greek authorities. In answer to a question from the French Delegate, the Turkish Delegate stated that his authorities had not yet received the DV certificate concerning this consignment.
18. As regards the identity of the importer, the Sub-Committee noted that the IC had been issued in the name of a firm which had no existence in Greece and that the individual involved, although living in Frankfort on the Main, was not registered in Western Germany and thus the Federal German authorities had no means of taking action against him.
19. The UNITED STATES Delegate wished to stress the fact that, as his country was the principal world exporter of borax, the United States authorities had perfected over a number of years a system of control for this product, regarding which frequent attempts at diversion were made. Pointing out that cooperation

CONFIDENTIAL

- 5 -

CCCOM Document Sub-C(59)2B

between participating countries had made it possible to frustrate the present attempt, the Delegate stated that this was an appreciable result but that it would be still better to prevent such operations entirely. It was with that object in mind that the United States Government made certain first of all of the integrity of the parties to a transaction and of the regularity of their participation in the commerce in question; basing themselves moreover on an estimate of the annual needs of the countries concerned, the United States authorities judged whether the quantity whose export was envisaged was or was not normal and, when the order was higher than the known needs, end-use checks were carried out. The United States Delegation, while making no claim that this system was infallible, nevertheless recommended its application by other Member Governments.

20. The CHAIRMAN summed up the discussion of this case by noting that this diversion had been prevented thanks to close cooperation between Member Governments and that the Greek and Turkish Governments were to be commended for the prompt and effective measures which they had taken once the attempted diversion had been discovered. Now however that the boracite had been unloaded in Greece, all necessary precautionary measures should be taken to assure that the material should be finally disposed of in conformity with the Committee's agreed procedures and to an approved ultimate destination. The Greek Government would certainly have the full cooperation of all Member Governments in this connection. There should also be emphasised the importance of continued cooperation between Member Governments, not only in this case where only participating countries were involved, but also in other cases, particularly those involving large shipments of strategic commodities to non-member countries.

(ii) Diversión of Argentine Borax

(CCCOM Document Sub-C(59)1, paragraph 26(2) of the Annex; CCCOM 3528)

21. The Sub-Committee studied the United States memorandum (CCCOM Doc. 3528). In this paper the United States Delegate informed the Sub-Committee that the United States endeavoured to keep currently informed on the development of new strategic mineral resources in certain non-member countries which might give rise to new strategic control problems. The United States and certain other Member Governments had followed the practice of reporting such problems to the Committee or Sub-Committee with suggestions for corrective action. Member Governments able to make contributions in this field were encouraged to do so.

22. The case under consideration concerned the purchase by the Communist Chinese Trade Mission in London of large quantities of Argentine borax. A Belgian firm, acting as a commission agent, had intervened and had turned the order over to a German firm owned by a German businessman who was reported to control several companies. The order then passed into the hands of a Liechtenstein firm who handled the commercial negotiations with the Argentine producer and exporter of the borax. The complexity of the channels was such that at least five intermediaries were involved between the Chinese purchasers and the Argentine exporter. The actual operation had been carried out in the following manner: an export licence for 1,000 tons of borax had been issued for despatch to the Netherlands. The goods had been loaded in January and in April 1958 on board Polish vessels ostensibly destined to the Netherlands but actually destined for Gdynia and thence to Communist China. As far as payment was concerned, a Belgian firm had opened a revolving letter of credit in favour of the Liechtenstein firm. All these precautions had had to be taken by the traders because at the time Argentina was re-examining her system of controls to the Sino-Soviet Bloc and had temporarily suspended the issue of export licences for that area.

23. The UNITED STATES Delegate said that, despite the fact that the Argentine had now instituted controls which would make a repetition of this diversion unlikely, borax continued to be sought by the Bloc from all possible sources and that extreme caution should be exercised by all Member countries in licensing borax exports. The Delegate pointed out that, in keeping with the recommendation of the Sub-Committee at its November 1958 meeting, the names of the countries involved in this case had been included in the United States memorandum but a letter code had been substituted for the names of firms and individuals. The Delegate added that he was prepared to make the names of firms and individuals involved available to other Delegations in accordance with the wishes of the Sub-Committee.

CONFIDENTIAL

CONFIDENTIAL

- 6 -

COCOM Document Sub-C(59)2B

24. In reply to a question from the Chairman, the United States Delegate stated that the Argentine Government was not prepared to institute the T.A.C. procedure at present.
25. The BELGIAN, FRENCH, GERMAN and ITALIAN Delegates pointed out that in the absence of the T.A.C. procedure, the customs services in their countries would not be able to hold up a consignment of Argentine borax in illegal transit to the Sino-Soviet Bloc. It would consequently be desirable to obtain from the Argentine Government either the adoption of the T.A. Certificate itself or at least an assurance that that Government would accept the holding up by the customs services of the transit country of a consignment of borax of Argentine origin passing in transit through the territory of a participating country on the way to the Sino-Soviet Bloc.
26. The CHAIRMAN added that in order to intervene in cases of transit of Argentine borax, the administrative authorities in participating countries would need to be able to quote a legal text.
27. The UNITED STATES Delegate pointed out that as the Argentine Government had undertaken not to export borax to the Sino-Soviet Bloc, the application of the I.C./D.V. procedure should suffice to prevent any diversion of this product when exported from the Argentine. He nevertheless undertook to inform his Government of the misgivings of certain other Delegations with a view to determining what further steps might be feasible.
28. The CHAIRMAN summed up the discussion by saying that, pending the result of the steps taken by the United States Government in order to secure application of the T.A.C. procedure by the Argentine Government for shipments of borax, it would be advisable for Member Governments to advise their customs services at ports of entry to keep a very careful watch on all shipments of Argentine borax, whatever the destination. This would be an unofficial measure pending the institution of the T.A.C. procedure.
29. The examination of the case described in COCOM Document 3528 also brought up the question of the mention in the Committee of the names of the firms implicated. As several Delegations were opposed to this practice, the United States Delegation stated that they were prepared to continue the examination of this question bilaterally with the interested Delegations. (See also in this connection paragraphs 56 to 63 below.)
30. The BELGIAN Delegate nevertheless reserved the right to verify whether the opening of a letter of credit by the Brussels firm involved ought not to fall within the scope of the financial controls carried out by the Belgian authorities.
31. The CHAIRMAN, in summing up, pointed out that the application in this particular case of the T.A.C. procedure might perhaps have enabled the various countries of transit to hold up the goods. He suggested moreover that each country having a citizen involved in this affair should endeavour to discover what methods might have been used in contravention of national regulations.
32. This diversion case having involved a firm in Liechtenstein, the FRENCH Delegate asked to what procedure the export of strategic items to this country was subject.
33. The SUB-COMMITTEE noted that Liechtenstein did not cooperate in the Committee's control systems, did not issue ICs and that the end-use documents - obtained on several occasions by the Belgian authorities - consisted of declarations signed by the importer. It appeared consequently to be advisable, in the case of exports to Liechtenstein of relatively large quantities of strategic items, to carry out enquiries as to the end-use before issuing the licence.

CONFIDENTIAL

CONFIDENTIAL

- 7 -

COCOM Document Sub-C(59)2B(iii) Other Diversions
(COCOM Document 3531)

24. The Sub-Committee then studied the memorandum submitted by the United Kingdom Delegation (COCOM Document 3531) concerning an illegal despatch of roller bearings covered by Item 1601. It was stated in this memorandum that the United Kingdom authorities had delivered an Import Certificate for the import of the bearings involved and that this I.C. bore a triangle as the bearings were to be sent to Switzerland. The United Kingdom trader having applied for a "waiver" licence permitting him to dispose of the goods without importation into the United Kingdom and to have them sent to Switzerland via Rotterdam, the United Kingdom authorities had had certain doubts and had asked for a Swiss I.C. beforehand. As this had not been obtainable, no "waiver" licence had been issued. As to the original United Kingdom I.C., this could not be recovered from Italy. It was found subsequently that this document had been communicated to United States exporters and that on the strength of this the United States authorities had erroneously issued an export licence. The goods had been despatched to Naples, then reconsigned to Rotterdam and from there sent to China. Proceedings had been taken against the United Kingdom firm.

35. The UNITED KINGDOM Delegate reminded the Sub-Committee that this matter had already been cursorily examined during their last meeting. The present full account showed the complexity of the diversion methods which had been employed and the Delegate stressed that only the application of the I.C./D.V. procedure had made it possible to discover this operation.

36. The GERMAN Delegate remarked that the starting-point for this diversion had been the circumstance that it had been possible for an I.C. issued for an Italian firm to be presented in the United States. He announced that his Delegation intended to submit certain suggestions with the aim of ensuring that ICs should be better followed up after being issued. (See paragraph 73 below.)

37. Answering a question put by the Belgian Delegate, the UNITED KINGDOM Delegate stated that the triangular IC provided for prior importation into the United Kingdom but that the re-export to Switzerland would only have been authorised upon presentation of the Swiss Government's Blue Certificate.

38. The UNITED STATES Delegate recalled that certain particulars of this case had previously been reported by the United States in COCOM Document 3269 and that the case had also been discussed during the November 1958 Working Group session. The Delegate expressed gratification that the United Kingdom authorities had pursued the case and that the United Kingdom firm involved had been brought to trial.

39. The CHAIRMAN summed up by saying that this matter had revealed once again the need for licensing services to recuperate un-used documents. He also pointed out that in this particular case the Swiss IC ought to have been required before the issuing of a United Kingdom IC bearing a triangle.

(c) Examination of possible Loopholes in Transactions involving non-Member Countries(1) Yugoslavia

40. In this connection the Sub-Committee studied the United Kingdom memorandum (COCOM Document 3530) concerning the United Kingdom's experiences in their commercial relations with Yugoslavia. From this memorandum it appeared that the documents issued by Yugoslavia under the IC/DV procedure

CONFIDENTIAL

CONFIDENTIAL

- 8 -

COCOM Document Sub-C (59) 2B

sometimes varied and in general left much to be desired. In the case summarised in COCOM Document 3530, the operation had not been finalised as the United Kingdom authorities had suspected a fraudulent attempt and the United Kingdom Government wished to know what had been the experiences of other Member Governments in this context.

41. The ITALIAN Delegate referred to a similar case recently noted in his country. The Italian authorities having considered that the end-use certificate given by a local chamber of commerce was inadequate, the proposed transaction had not been carried out.

42. The UNITED STATES Delegate stated that his authorities had also had highly unsatisfactory experiences in this field. They had endeavoured to obtain duplicates of ICs forwarded through official channels and considered that the documents supplied by the Yugoslavs - even when they emanated from the Federal Chamber of Foreign Trade - did not always provide the required security. This was even more the case as regards DV Certificates and the United States authorities considered that the best guarantee consisted in making sure that the quantities of goods to be exported were reasonable as compared to the known needs of Yugoslavia.

43. The FRENCH Delegate stated that, besides the end-use certificates issued by the Federal Chamber of Foreign Trade, French departments had received Delivery Verification Certificates from Yugoslavia. The Delegate considered that, without proceeding through diplomatic channels to a material verification of the end-use - an operation which was outside the competence of the authorities of participating countries - it should be possible for the services of the other countries participating in the Committee to obtain documents similar to those received by French departments.

44. The BELGIAN Delegate stated that Belgian Governmental services had received photocopies of documents countersigned on the back by the Federal Chamber of Foreign Trade.

45. The GERMAN Delegate asked whether the United States Government could endeavour to ascertain from the Yugoslav Government what were the official documents to which the authorities of Member States could give credit and also the names and addresses of the Yugoslav authorities entitled to issue and receive control documents.

46. The ITALIAN Delegate asked whether, in the same process, the United States Government would be able to obtain copies of the official Yugoslav End-Use Certificate.

47. The UNITED STATES Delegate stated that his Government had not as yet been able to obtain copies of the End-Use Certificate; he would nevertheless transmit to his authorities the suggestions which had just been put forward.

48. The CHAIRMAN summed up this exchange of views by noting that there still existed some confusion regarding Yugoslav control documents. The Sub-Committee would be grateful if the United States Government could obtain exact details as to the receivable documents.

(ii) Austria

49. The GERMAN Delegate referred to the case of a German firm which, after the Federal authorities had refused them a licence to export a List I item to the U.S.S.R., had stated that they would be able to carry out the operation through Austria, when they would obtain an IC and a DV Certificate. The Delegate stated that he had himself examined the Austrian control

CONFIDENTIAL

CONFIDENTIAL

- 9 -

COCOM Document Sub-C (59) 2B

documents: the IC was almost identical with the document established by the Coordinating Committee, and as for the DV Certificate, it stated that the goods were "under the control of the regulation for Austrian foreign commerce". Thus, in this case it had been shown to be possible, with the authorisation of the Austrian Ministry of Commerce, to import an embargoed item into Austria and to re-export it from there to the U.S.S.R.

50. The BELGIAN Delegate stated that the Belgian governmental services only authorised a strategic export to Austria after a special study of the end-use and after assuring themselves in particular that the importing firm was an industrial company adapted to the consumption of the goods concerned. Replying to a question from the French Delegate, the Delegate stated that his Government were unable to make enquiries outside the scope of the IC/DV procedure, but that the name of the consumer firm frequently appeared on the IC.

51. The GERMAN Delegate pointed out that although the name of the consumer firm appeared on the IC, it did not appear on the DV Certificate. It was difficult to refuse an export licence, because it was possible that the importer would place the goods in stock and re-sell them at a later date; the end-user indicated was not necessarily the real one. The Delegate then quoted other cases where, while issuing ICs, the Austrian authorities had not concealed their intention to re-export the goods to the Soviet Bloc; in a recent case, the German department concerned had written to the competent Austrian Ministry in order to draw their attention to this fact: they had received a reply to the effect that the Austrian authorities saw no necessity to cancel the IC, but that naturally the German authorities were at liberty not to accept it.

52. The CHAIRMAN noted that it would be advisable to re-examine exactly what procedure was in force regarding Austria; he recalled that in the past it had been understood that in certain cases the Austrian authorities, when issuing an IC, reserved for themselves the possibility of informing the exporting country confidentially that it would be preferable not to issue any export licence upon presentation of the IC referred to.

53. The UNITED STATES Delegate referred to COCOM Document 3260 as containing a statement of the extent of Austrian controls, adding that, despite frequent approaches in an effort to obtain Austrian agreement to adopt TAC controls, the Austrian Government had thus far been unwilling to adopt that procedure. He invited attention to the Austrian State Treaty and Austria's changed status as perhaps accounting for Austria's position with respect to the imposition of export and transit controls. While voicing confidence in the sincerity of Austrian official cooperation in IC/DV procedures, he said that the United States nevertheless conducted end-use checks in cases where such action might appear to be desirable and commended similar action to other Member Governments. The Delegate expressed gratification that the German authorities had refused to grant export licences in the two cases mentioned by the German Delegate, despite the issuance of Austrian ICs, and expressed the hope that other Member Governments would take like action in a similar situation.

54. The SUB-COMMITTEE recommended that the question of Austria should be re-examined from the outset for its next session.

(iii) Sweden

55. The GERMAN Delegate confirmed that the customs arrival documents issued by Sweden and called "Tullsedel" were completely valid. They could thus be accepted without reserve as justification.

CONFIDENTIAL

- (d) Exchange of Information between Delegations on East-West Traders Involved in the Shipment of Strategic Commodities to the Sino-Soviet Bloc
(Secretariat Paper No. 105)

56. The CHAIRMAN drew the Sub-Committee's attention to the Secretariat Paper No. 105, which had been prepared by the United States Delegation and in which the anonymity of the firms involved was respected.

57. An exchange of views ensued regarding this question of anonymity. The GERMAN Delegate referred to the discussions which had taken place a few years previously in the Coordinating Committee on the question of a possible "Black List"; A large number of countries, including Germany, had at that time stated that their legislation did not allow of their accepting the establishment of such a list, at any rate as far as concerned their own citizens. The Delegate emphasised that this was a political matter and, pointing out that the Coordinating Committee had always avoided naming firms involved in any given affair, he stated the view that any change in this rule would have to be debated in the Committee itself. For their part, the German Delegation could state at once that they did not favour such a change.

58. The UNITED KINGDOM Delegate stated that on the last occasion when this question had been examined in the Coordinating Committee, the control systems and the documentation in use had not attained their present degree of efficacy and the means of verifying Soviet activities were much more limited. The United Kingdom Delegation believed that the time had come to undertake the study of the question of an international observation list. While recognising that certain legal difficulties might have to be resolved, the Delegate stressed that a possible observation list should not be confused with a "suspension list" of the type which existed in the United States and on which appeared the names of persons and firms to whom the United States Government refused export privileges. The United Kingdom authorities kept an observation list and the firms thereon had suffered no suspension measures but were under special surveillance. The United Kingdom Delegation would have no objection to exchanging with other delegations the names appearing on the various national lists and they considered that any system whose object was to prevent exchanges likely to be dangerous from the strategic point of view would be perfectly legitimate provided it involved no discrimination of a legal nature.

59. The ITALIAN Delegate stated that this proposal involved very serious considerations, both political and legal. A distinction should be made between an exchange of information on a given firm and the establishment of an observation list. The Italian Delegation considered that this was not a matter for decision by the Sub-Committee and that it would perhaps be more suitable if a proposal could be submitted in writing and discussed in the Coordinating Committee.

60. The FRENCH Delegate believed it would be difficult to discuss item 3(d) on the Agenda without knowing the names of the firms involved. He recognised nevertheless that the matter was complex and needed to be approached with extreme care. The French Delegation considered it a matter for regret that a firm which had infringed the controls on a single occasion should appear indefinitely on a special list. It would moreover be desirable that, when a Member Government asked the reason why one of their citizens appeared on another Government's observation list, adequate explanations should be given, failing which the whole matter should be studied afresh by the two interested Governments. The Delegate stated furthermore that if it were decided to proceed to exchanges of information in this field, reciprocity should be assured. The French Delegation held the view that this question lay outside the Sub-Committee's terms of reference and should be forwarded to the Coordinating Committee.

CONFIDENTIAL

- 11 -

COCOM Document Sub-C (59) 28

61. The JAPANESE Delegate stated that his authorities might be prepared to communicate the names of their citizens who had been found guilty but not those of individuals or firms under suspicion.

62. The UNITED STATES Delegate associated himself with the view expressed by his United Kingdom colleague as to the desirability of examining the question of an observation list. He stated that in the United States there existed published lists of the firms to whom export privileges were refused and separate lists of firms suspected of fraudulent activities but in respect of whom no administrative steps had been taken owing to lack of sufficient tangible proof; The United States Delegation considered that, despite the efficacy of the IC/DV and other control systems, there was no doubt that the surest way was to deal only with reliable firms. For this reason, without envisaging the establishment of an international observation list, the United States Delegation hoped that the Sub-Committee might be able to carry out rewarding exchanges of information on doubtful firms. The information supplied in Secretariat Paper 105 was intended to serve as a basis for enquiries which interested Governments might instigate later on.

63. After a further exchange of views, the CHAIRMAN summed up by saying that this question went beyond the Sub-Committee's terms of reference. The Sub-Committee agreed to refer to the Coordinating Committee the question of exchanges of information on East-West traders involved in the shipment of strategic commodities to the Sino-Soviet Bloc. This question might be examined at that level from two aspects:

- (1) the possible communication of names of firms in participating countries;
- (2) the possible communication of names of firms in non-participating countries (this last category could also be sub-divided into:
 - (i) non-Member countries cooperating in the control system;
 - and (ii) non-Member countries not cooperating in the control system).

In view of the fact that this matter had been placed on the Sub-Committee's agenda on the initiative of the United Kingdom and United States Delegations, these latter might submit a document to the Coordinating Committee in order to prepare the discussions.

As to Secretariat Paper No. 105, the Sub-Committee emphasised the utility of this document, which would enable Member Governments to identify those of their citizens who were involved and to carry out the necessary investigations.

IV. REVIEW OF EXISTING PROCEDURES

(a) IC/DV Procedure

- (1) Return of unused ICs to issuing Authorities
(COCOM Document Sub-C.(59) 1, paragraph 17)

64. The CHAIRMAN reminded the delegates that at the Sub-Committee's previous meeting he had pointed out the danger of leaving unused ICs in the hands of traders. He asked whether any Member Governments had made new arrangements in this connection.

65. The GERMAN Delegate stated that since the Sub-Committee's last session his authorities had reviewed their procedure and had found that although the texts stipulated that unused ICs should be returned to the competent departments, in practice this happened only rarely. The German authorities had now decided to require importers to prove within a given period that the goods covered by an IC issued by the Federal authorities had actually been imported, or failing this, to send back the IC to the office which had issued it. The German Delegation would be glad to learn whether other participating countries applied a similar procedure.

CONFIDENTIAL

CONFIDENTIAL

- 12 -

COCOM Document Sub-C (59) 2B

66. The JAPANESE Delegate stated that after the Sub-Committee's previous session the Japanese Government, by a Ministry of Commerce circular issued at the beginning of the year, had officially invited importers to send back unused ICs to the competent authorities. In the event of the loss of an IC, when the importers asked for a second IC to replace the missing one, the competent department scrutinised the information submitted and only issued a second IC if they were convinced of the bona fides of the request. To avoid wrongful use of the document then granted, the Japanese officials indicated on the document itself that it was a second IC in replacement of a document which had gone astray.
67. The ITALIAN Delegate stated that according to the rules which his Government had put into force importers must inform the competent departments within four months of the action taken on an IC and must return it if it had not been implemented. Only in exceptional cases where doubt existed as to the use made of an IC was an enquiry carried out through diplomatic channels.
68. The CANADIAN Delegate stated that importers were obliged, before the end of the period of validity of an IC, to notify the approximate date of arrival of the goods.
69. The UNITED STATES Delegate stated that after the Sub-Committee's last session his authorities had changed the procedures applied in the case of third countries not cooperating in the controls, to which they had previously been in the habit of sending ICs. In such cases importers were now invited to make sure that an IC was really required by the authorities of the exporting country, and should this not be the case, they were required to send back unused ICs to the issuing office: these documents were then cancelled. The United States officials had found that the majority of ICs issued for imports originating in countries not cooperating in the system had been returned to them. The Delegate added that in certain exceptional cases his Government had had recourse to diplomatic channels in order to obtain the return of an unused IC; it would be useful if all Member Governments were to adopt this procedure.
70. The FRENCH Delegate stated that since 1958 the competent departments in France had not noticed any irregularities in this connection, either in the case of transactions between participating countries or of those involving third countries.
71. The BELGIAN Delegate stated that this question had not constituted any problem in his country, where unused documents had always been sent back to the issuing offices.
72. The CHAIRMAN concluded that there had been a marked improvement as regards the matter examined and that the results would certainly be satisfactory.
73. In connection with relations between Member States, the GERMAN Delegate submitted the following proposal: when an export licence to enable the shipment of strategic goods from one participating country to another was refused, it would be advisable for the country having issued the IC to be notified of this refusal. Two methods would be possible: (i) the IC could be sent back through official channels by the country having refused the export licence, (ii) the IC could be handed to the individual concerned, but the importing country should be advised of the refusal of the request for an export licence. They could thus recuperate the IC which had become unuseable.
74. The FRENCH Delegate expressed reserves as to this procedure. He undertook to state later on whether or not it would be possible for him to accept this proposal.

CONFIDENTIAL

(ii) Transmittal of duplicate ICs to non-Member Countries - Problem of non-Member Country Information
(COCOM Document Sub-C.(59) 1, paragraph 17 of Annex)

75. The FRENCH Delegate reminded Delegates that at the close of its November 1958 session, the Sub-Committee had recommended that the competent departments of Member Governments should send to the authorities of non-Member countries duplicate copies of the ICs they issued. The French officials, putting this recommendation into effect, had begun by sending duplicates to the non-Member countries adequately informed as to the IC/DV procedure and the motives for the duplicates. There were however certain non-Member countries who were unaware of the utility of the duplicates and the French Delegation felt that it would be desirable for the authorities in these countries to know that they would receive duplicates and to be aware of the use which they should make of them. In particular it would be useful to warn them of the danger of issuing export licences upon presentation of corrected ICs or copies. It would be helpful to know which were the Member Governments responsible for informing non-Member countries about this procedure.

76. The UNITED STATES Delegate stated that his Government had already explained the procedure to the Argentine Government; he would nevertheless suggest to his authorities that they should make a fresh approach to the Argentine authorities in this matter. The United States Government for their part sent duplicates of ICs as soon as they knew the names and addresses of the competent departments in the various countries.

77. The GERMAN Delegate stated that it would be useful if all Member Governments indicated the non-Member countries to which they sent duplicates. The Federal German authorities sent duplicates of ICs to Austria, the Argentine, Chile, Mexico, Peru and the Union of South Africa.

78. The CANADIAN Delegate stated that his authorities sent duplicates of ICs to the competent departments in various non-Member countries and the Delegate said that he would hand in a list of these to the Coordinating Committee. In certain cases, the duplicates were sent to the Canadian Commercial Counsellors in the countries concerned.

79. The TURKISH Delegate stated that his authorities sent duplicates of ICs to all the non-Member countries referred to in COCOM documents.

80. The ITALIAN, JAPANESE and NORWEGIAN Delegates stated that as a rule their authorities sent duplicates of ICs to all cooperating non-Member countries. They undertook to supply complete lists of the countries to which their authorities sent the duplicates through diplomatic channels.

81. The GERMAN Delegate emphasised that it might be difficult in certain cases to distinguish between cooperating non-Member countries and non-Member countries which did not cooperate in the control system. In his view the first step should be to determine exactly to which non-Member countries Member Governments sent the duplicates of the ICs they issued.

82. The FRENCH Delegate stated that his authorities were at present sending duplicates of ICs to Rhodesia, to the Union of South Africa, to Malta and to Austria. The Delegate stated that at the present moment the addresses of the competent officials in certain Member countries were unknown - Portugal, for one. The Delegate suggested that it would be useful to send a circular letter to the Governments of non-Member countries to inform them of this procedure.

83. Following a further exchange of views, the SUB-COMMITTEE agreed that the best method of informing non-Member countries of the use which should be made of the duplicates of ICs would be to annex to these duplicates an explanatory note which it would be for the Coordinating Committee to draft. The Sub-Committee consequently recommended to the Coordinating Committee:

- (a) to agree a text for an accompanying letter to be forwarded to non-Member countries with duplicates of ICs;
- (b) to invite Delegations to submit to the Secretariat a list of the non-Member countries to which their authorities sent duplicates of ICs.

CONFIDENTIAL

- 14 -

COCOM Document Sub-C (59) 2B

84. The JAPANESE Delegate then pointed out that his Government had discovered certain irregularities in the application of the system by Nigeria. In a certain case the original of the Nigerian IC had been sent direct by the Nigerian importer to the Japanese exporter, while the duplicate had been sent by the Nigerian importer to the Japanese Ministry for Foreign Affairs; moreover, it had been impossible for the Japanese departments to distinguish the original from the duplicate. The Delegate asked whether other Member Governments had met with similar difficulties.

85. The GERMAN Delegate took note of his Japanese colleague's query and undertook to inform the Secretariat, for the Sub-Committee's next session, what had been his Government's experience in this respect.

86. The UNITED KINGDOM Delegate stated that his Government, who had extensive trade relations with Nigeria, had not noticed any irregularity in this connection up to the present. On the Chairman's suggestion, the Delegate agreed to recommend to his authorities to scrutinise carefully once again the procedure applied by the Nigerian Government and, if necessary, to invite the latter to remedy any defects which might exist.

(iii) Exchange of Information on Irregular Practices and Discussion on possible Corrective Action
(COCOM Document Sub-C.(59) 1, paragraph 60)

87. The UNITED STATES Delegate referred to his Delegation's statement during the Sub-Committee's previous session (COCOM Document Sub-C.(59) 1, paragraph 60) which had mentioned two categories of problems, the first of which might be termed transitory and the second relating to the basis for the enforcement of the embargo. As to the transitory problems, the United States Delegation had nothing to add and, for the second category of difficulties, the Delegate recalled that he had already suggested (see paragraph 62 above) the adoption of a special watch system to be put into force for known traffickers.

88. On the first point, as the JAPANESE Delegate had indicated that the authorities in Singapore and Nigeria were continuing to send ICs for items no longer on the International Lists, the UNITED KINGDOM Delegate stated that the new Lists had been transmitted upon publication to all United Kingdom overseas territories; he would nevertheless bring this matter to the attention of his authorities.

89. On the second point, the UNITED KINGDOM Delegate stated that since the coming into force of the new Lists, his Government had strengthened their methods of surveillance and to avoid wrongful descriptions of goods had adopted a new system which was not expected to permit discovery of traffickers but which would, they believed, discourage potential traffickers.

90. The CHAIRMAN, in summing up, expressed the hope that, in line with the recommendations put forward in the Sub-Committee's previous session, the other Member Governments would take the necessary steps to increase their vigilance.

(iv) Procedure to be followed in the case of Shipments of Strategic Commodities to Government Agencies of Member Countries
(COCOM Document 946.6)

91. The ITALIAN Delegate stated that his Delegation had asked for this matter to be placed on the agenda because they considered that in the case of exports which it was known would be delivered to Government bodies in participating countries it was not necessary to call for an IC, as the normal commercial papers should suffice. The Italian Delegation would nevertheless be glad to know what procedure was followed by other participating countries in this respect.

CONFIDENTIAL

CONFIDENTIAL

- 15 -

COCOM Document Sub-C (59) 2B

92. The CANADIAN and GERMAN Delegates stated that their authorities did not require an IC in such cases and were satisfied with a certified copy of the Government order.
93. The UNITED KINGDOM Delegate stated that this was also the practice followed in his country when orders emanated from military authorities.
94. The FRENCH Delegate stated that in his view it would be useful to define what should be understood by the term Government agency. The S.N.C.F. (French National Railway) for instance was considered in France to be a Government agency and it would be desirable that it should be so regarded by the other participating countries.
95. The BELGIAN Delegate considered that when an order constituted a commercial operation it should be dealt with in accordance with the IC/DV procedure. His authorities believed that the only exemptions from this procedure should be contracts issued by the Army or any other body of such a nature.
96. The GERMAN-Delegate considered that there were two categories of consignees which could be exempted from the necessity to send ICs: on the one hand, a Government agency or institution having no commercial interest and being under the control of a Ministry, and, on the other hand, companies such as the S.N.C.F. for instance where there was a certainty that they would not import goods in order to re-export them illegally to the Soviet Bloc.
97. The ITALIAN Delegate noted that the drawing of a distinction between nationalised companies and companies under State control gave rise to an identification problem and that it would be sufficient to grant a derogation for orders emanating from Ministries or from Government agencies.
98. The UNITED STATES Delegate then read out the text of a United States regulation defining what the United States Government considered to be a Government agency. (This text is reproduced as an Annex to the present document.)
99. The GERMAN Delegate stated his view that the text provided by the United States Delegation constituted a minimum: for instance, railways and postal services, which were public utilities, ought to be considered as Government agencies. Then there were other cases of nationalised companies, such as Renault or Volkswagen. In this respect Member Governments should be left free to decide whether or not ICs should be called for. On the other hand, the IC/DV procedure should be applied automatically to companies which were more commercial than industrial.
100. The FRENCH Delegate pointed out that as the United States had brought in the idea of public services, companies such as the S.N.C.F. or Air France, which in the main were financed by the State, should be exempted according to the terms of the United States regulations. The Delegate concurred in the German Delegation's suggestion to leave to the discretion of Member Governments the decision to exempt from the IC/DV procedure certain highly important industrial companies. As to the distinction the United States made between domestic air lines and international lines, the Delegate emphasised that in Europe there were no purely domestic air lines, so that the exemption would have to be extended to the international lines when they were considered as public services.
101. The UNITED STATES Delegate stated that such a distinction did of course exist in the United States regulations, but that if the Sub-Committee agreed upon another definition, his authorities would in that case amend their interpretation.
102. The UNITED KINGDOM Delegate reserved his position until after he had had an opportunity to give careful study to the text provided by the United States. He nevertheless emphasised the practical difficulties which might arise in drawing up an inventory of the nationalised companies in the various participating countries; in point of fact it would be practically impossible to keep such an inventory up to date. The United Kingdom Delegation were in favour of maintaining the present system for the time being.

CONFIDENTIAL

CONFIDENTIAL

- 16 -

COCOM Document Sub-C (59) 2B

103. The DANISH Delegate expressed himself in favour of maintaining the present system.

104. The TURKISH Delegate stated that in his country no distinction was made between Government agencies and other categories of companies. The IC/DV system was applied in all cases.

105. After a further exchange of views, the SUB-COMMITTEE agreed to submit the text of the United States regulations to the Coordinating Committee, while formulating a reserve regarding the distinction between domestic air lines and international air lines. It was agreed furthermore that no change should be made in the procedure at present in force (COCOM Document 946.6) until the Coordinating Committee had worked out a definition of Government agencies and taken a decision as to the procedure which should be applied uniformly by Member Governments to these agencies.

(v) Exchange of Current Specimens of IC/DV forms
(COCOM Document 3525)

106. The CANADIAN, UNITED KINGDOM and UNITED STATES Delegates handed specimens of their ICs and DVs to each Delegation.

107. The UNITED KINGDOM Delegate drew the Sub-Committee's attention to his Delegation's memorandum (COCOM Document 3525) in which it was stated that as from the 1st May 1959 United Kingdom Import Certificates were being issued from the Export Licensing Branch and no longer from the Import Licensing Branch. The ICs themselves had not been noticeably altered: the address of the issuing office had naturally been changed and the certificates were perforated with a symbol of a crown and the date of issue.

108. The CHAIRMAN then invited Delegations to supply to the Secretariat, for transmission to all Member Governments, copies of their ICs and DVs as currently in use.

109. The FRENCH Delegate pointed out that as a French exporter had recently submitted to his authorities a Hong Kong IC which differed from the usual form, the competent French departments had waited to grant the export licence until receipt from the Hong Kong authorities of the duplicate of this IC. As this duplicate was similar to the original document, the French departments had supposed that the Hong Kong authorities had decided to make a change. They would be glad to receive confirmation on this point.

110. The CHAIRMAN invited the UNITED KINGDOM Delegate to draw his Government's attention to this matter and recommended that whenever a Member Government changed the form of the documents they used, they should inform other Member Governments and submit copies of the altered document to the Coordinating Committee.

(vi) Discussion of Possible Changes in IC/DV procedures

111. The GERMAN Delegate stated that his Government had found that one of the principal causes of the hostility of trading circles to the embargo measures agreed by the Coordinating Committee was the difficulty exporters encountered in despatching goods to other Free World countries. The German Government therefore wished to submit two proposals whose aim was to simplify the procedures in force: (1) the extension of the use of global ICs for periods up to six months or even a year in the case of companies carrying on regular trade in the same commodity with a company in another participating country, provided that both parties enjoyed a good reputation; (2) establishment of a set of documents relating to a transaction and making available the history of that transaction.

CONFIDENTIAL

CONFIDENTIAL

- 17 -

COCOM Document Sub-C (59) 2B

112. The CHAIRMAN stated that the majority of participating countries used global ICs covering a given period. As to delivery verification, it should be possible to set up an accounting system of the current account type on the basis of ICs issued and deliveries effected. The CHAIRMAN asked whether, as exporting countries, Member Governments accepted global ICs and if necessary agreed to issue several licences up to the total quantity covered by such an IC.

113. The FRENCH Delegate stated that the competent departments in France accepted the global ICs sent to them and, in view of the advantages of this procedure, they would examine the possibility of issuing them themselves.

114. The ITALIAN Delegate stated that when, upon presentation of an IC, the Italian departments issued an export licence which was not used, its validity could be extended, which amounted to extending the validity of the IC. The Italian Government could see no objection to the principle of a general adoption of this procedure.

115. As to the second German proposal, the Sub-Committee noted that they were not in a position to discuss this usefully in the course of the present session and the GERMAN Delegate undertook to submit to the Coordinating Committee a written proposal which might be studied at the Sub-Committee's next session. The Sub-Committee agreed furthermore to propose to the Coordinating Committee the wider use of global ICs (1) in so far as such documents would cover regular trading and (2) on condition that the exporters and importers concerned enjoyed the entire confidence of their authorities. Export licences issued on the basis of such ICs would cover either the total quantity stated on the IC and would be renewable, or a fraction of that quantity, in which latter case successive licences could be prepared.

(vii) Discussion of Problems in connection with the Issuance of and Requests for ICs due to Insufficient Commodity Detail
(COCOM Document 3518)

116. The UNITED STATES Delegate referred to the memorandum submitted by his Delegation (COCOM Document 3518) which set out briefly the problems encountered by the United States authorities as a result of an inadequate description of the goods for which either an export licence or an IC was requested, together with the methods to which the competent departments had recourse in order to solve these problems. The United States Delegation would be glad to learn whether other Member Governments had met with similar difficulties and, if so, how they had solved them.

117. The GERMAN Delegate stated that the competent authorities in Germany frequently received applications for ICs which designated the goods by the name of the producing firm, which excluded all possibility of exact identification. This problem generally arose in cases where the importer had not asked for an IC on his own initiative, but because he had been requested to do so by the authorities in the exporting country responsible for the issue of the licences. In order to solve this difficulty, the departments granting export licences, when calling for an IC, should indicate the exact definition in the International Lists and the number of the item involved.

118. The SUB-COMMITTEE took note that this method solved the problem referred to by the United States Delegation. In consequence they recommended that departments in exporting countries, when requiring an IC, should indicate to the applicant exporter the number of the item on the international embargo lists covering the product involved.

CONFIDENTIAL

CONFIDENTIAL

- 18 -

COCOM Document Sub-C (59) 2B(b) T.A.C. Procedure(i) Examination of the Turkish Reply to the Questionnaire
(COCOM Document 3195.12)

119. The Sub-Committee noted that this reply called for no special comment.

(ii) Transit Statistics on Exports from Sweden and Switzerland
(COCOM Document Sub-C.(59) 1, paragraph 48 and the Addenda to COCOM Documents 3195.6 and 3340.7 respectively.)

120. The CHAIRMAN reminded the Sub-Committee that at their previous session, when studying the replies to the T.A.C. questionnaire, they had noted that these gave no indication of exports from Sweden or Switzerland to the Sino-Soviet Bloc passing in transit through participating countries. Belgium and the United States had given particulars as to consignments coming from Switzerland. The Chairman asked whether, since the last session, other participating countries had recorded cases to be notified.

121. The FRENCH Delegate stated that no transit to the Sino-Soviet Bloc had been recorded in his country for goods coming from Sweden. Very little transit of goods from Switzerland had been notified and the last instance had related to a non-strategic item.

122. The GERMAN Delegate stated that the German customs did not keep statistics in this connection. However, as they had not received any copies of the export licences which would have accompanied goods in transit, the German officials concluded that there had not been any transit of this nature.

123. The JAPANESE Delegate stated that no T.A. certificates had been received or granted by the Japanese authorities in 1958.

124. Referring to the Addendum to COCOM Document 3340.7, the UNITED STATES Delegate enquired as to the reason why the Belgian officials had granted a T.A. certificate covering the shipment to China of a commodity coming from Switzerland.

125. The BELGIAN Delegate stated that it was in conformity with the regulations drawn up by the Coordinating Committee in 1955 and according to the arrangements set out in COCOM Document 2114 that the competent Belgian department, upon presentation of a copy of the Swiss export licence, granted a transit authorisation certificate, since the Swiss Government did not issue such documents. In reply to a further query from the United States Delegate, the Belgian Delegate explained that the document thus issued by the authorities in his country was a Belgian transit authorisation and not a T.A. certificate of the type instituted by the Coordinating Committee.

(iii) Utilisation of the T.A.C. Scheme when a resident of a participating country acts as a principal in a transaction involving the shipment of goods to the Soviet Bloc from a country not cooperating in the Scheme

126. The Sub-Committee agreed to resume the discussion of this question in the course of the following session and after the competent departments had had an opportunity for adequate study of the United States Delegation's memorandum (COCOM Document 3519).

CONFIDENTIAL

CONFIDENTIAL

- 19 -

COCOM Document Sub-C (59) 2B(iv) Advantages of the Exchange of T.A. Certificates between Participating Countries

127. The Sub-Committee confirmed the value of such exchanges and recommended that each Delegation should deposit with the Committee's Secretariat an adequate number of T.A. certificates for distribution to participating countries.

(v) Other Questions: Possible Recommendations to the Committee on the subject of Austria and Switzerland
(COCOM Document Sub-C.(59) 1, paragraph 43)

128. The GERMAN Delegate pointed out that the loopholes in the control system stemmed from the non-participation in the T.A.C. Scheme of certain cooperating non-Member countries, especially Switzerland. It would be highly desirable therefore to persuade the Swiss authorities to apply the T.A.C. procedure as a transit country, particularly in the port of Baslo.

129. The UNITED STATES Delegate briefly summarized the nature of Swiss controls, emphasizing the need on the part of all Member countries to assure themselves, prior to licensing, of the intended final destination of all strategic shipments moving through Switzerland. The Delegate added that, since the last List review, the Swiss Government had again been approached in an effort to obtain an expansion of Swiss controls over in-transit shipments, which now extended to Atomic Energy and Munitions List items. He said that the matter was still under consideration by the Swiss Government and undertook to inform the Committee as soon as their position had been clarified.

130. The SUB-COMMITTEE were unanimous in considering that only active participation by Switzerland in the T.A.C. Scheme would make it possible to close the wide loophole which now existed. In consequence, they recommended that the Coordinating Committee should seek a way to obtain a firm undertaking from the Swiss Government in this matter.

131. Turning to Austria, the CHAIRMAN remarked that a great deal of re-exporting was done from that country and suggested that the aims in this regard too should be the same as in the case of Switzerland.

132. The GERMAN Delegate thought that it might be difficult for the Austrian authorities to institute transit control because of their Treaty with the U.S.S.R. It would be of interest to learn exactly what regulations were at present in force in Austria regarding exports.

133. The CHAIRMAN pointed out that it was clear from COCOM Document 3340.8 that Austria was participating effectively in the IC/DV scheme.

134. The UNITED STATES Delegate stated that his authorities had asked the Austrian authorities to participate in the T.A.C. Scheme, but had never received a definite reply. The Austrian authorities nevertheless accepted without demur that the United States authorities should carry out end-use checks and keep an eye on the transit of their own goods through Austria. The Delegate reminded his colleagues in this connection of his statement about the controls carried out by Austrian officials (see paragraph 53 above).

135. The SUB-COMMITTEE recommended that the Coordinating Committee should seek means to obtain the participation of the Austrian Government in the T.A.C. Scheme. They took note nevertheless that the Treaty binding Austria to the U.S.S.R. might constitute an obstacle to this.

CONFIDENTIAL

CONFIDENTIAL

- 20 -

COCOM Document Sub-C (59) 2B

V. REVISION OF THE COMMODITY IDENTIFICATION MANUAL
(COCOM Document Sub-C.(59) 1, paragraphs 61 and 62)

136. The UNITED STATES Delegate announced that the work of revising the Commodity Identification Manual was half completed; it was hoped to obtain a new delivery towards the middle of the summer. The competent officials in the United States hoped that other Member Governments would let them have any suggestions.

137. The Sub-Committee expressed their gratitude to the United States Delegation for the considerable volume of work achieved by the United States officials, which was of the highest interest to all. It was agreed that after a study by the technical services in other participating countries, their Delegations to the Coordinating Committee would transmit any observations to the United States Delegation.

VI. PUBLICATION OF AMENDMENTS TO THE NEW LISTS, ESPECIALLY THE ATOMIC ENERGY LIST

138. The CHAIRMAN recalled that the complete version of the new International Lists had been issued on the 19th December 1958 as Document 3300 and that since that date three amendments had appeared; he asked Delegations if corresponding publication had been arranged in all participating countries.

139. The ITALIAN Delegate stated that List I, which had come into effect on the 15th August 1958, had been reproduced, not in the Official Journal, but in a Ministry of Foreign Trade Circular. As to the Atomic Energy List, work was in progress, in particular the adaptation of the text to the Brussels Nomenclature.

140. The GERMAN Delegate stated that the new Lists had been published, but that the competent officials were meeting with great difficulties owing to the successive appearance of amendments affecting very important items and often cancelling one another out. It was of course necessary for the national authorities to group the amendments before publishing them.

141. The FRENCH Delegate stated that the new Lists (including the Munitions List and the Atomic Energy List) had formed the subject of a Notice published in the Official Journal on the 10th January, 1959. Associating himself with the remarks made by his German colleague regarding amendments, the Delegate stated that in French these appeared every six months.

142. The UNITED STATES Delegate stated that the new Lists I and IV had been issued in November 1958; the revised Atomic Energy List would appear on the 21st May 1959. The Delegate also reported on the administrative changes effective 1st June 1959 with respect to the United States licensing of certain Munitions List items (see COCOM Document 3533).

143. The UNITED KINGDOM Delegate stated that the new International Lists - including the revised Atomic Energy List - had been published on the 28th January, 1959. The Delegate associated himself with his German colleagues' remarks as to the difficulties created by the successive amendments made by the Coordinating Committee.

144. The CANADIAN Delegate stated that the new Lists I and IV had been published on the 28th August, 1958; these Lists were brought up to date periodically.

145. The JAPANESE Delegate stated that the new Lists I and IV had been published on the 15th August, 1958 and the new Atomic Energy List on the 27th January, 1959.

CONFIDENTIAL

CONFIDENTIAL

- 21 -

COCOM Document Sub-C (59) 2B

146. The BELGIAN Delegate stated that the new Lists I and IV had been published in October 1958, but that before pronouncing the new Decree necessary to the publication of the revised Atomic Energy List and the amendments to Document 3300, the Belgian authorities wished to group them to some extent.

147. The DANISH Delegate stated that the new Lists had been published in February 1959 and that amendments appeared as and when decisions were taken in the Committee.

148. The NETHERLANDS, NORWEGIAN and TURKISH Delegates stated that their Delegations to the Coordinating Committee would communicate the required information later on.

149. An exchange of views ensued regarding a German proposal for a compilation of the administrative texts concerning the Lists and the SUB-COMMITTEE concluded by recommending:

- (1) that Governments should arrange for the publication of the amendments within reasonable time (for example, on a quarterly basis);
- (2) that Delegations should send to the Secretariat an up-to-date inventory of the publications concerning the Lists which had appeared since the 15th August 1958 in their countries. In future, as and when such publications came out, Delegations should inform the Secretariat and deposit a copy of the document concerned. A dossier would thus be constituted and kept in the Secretariat at the disposal of Delegations wishing to consult it. Moreover, a comprehensive document would be compiled by the Secretariat on this basis and transmitted to Member Governments;
- (3) It was understood that these proposals would not be retroactive but would come into force at once.

VII. PROPOSAL TO ESTABLISH A WORKING GROUP OF CONTROL SERVICE OFFICIALS TO STUDY THE MATTERS NOTED BELOW:

(a) Problems arising in connection with the interpretation of the Lists and the Administrative Principles

150. The GERMAN Delegate stated that the aim of his proposal was to enable the officials responsible for issuing licences in the various participating countries to consult one another on questions which did not call for recourse to the Coordinating Committee. This Working Group would not have the right to take decisions or even to make proposals, and if an important question arose it would be referred to the Coordinating Committee.

151. The ITALIAN Delegate said he shared his German colleague's views and believed it would be useful if the officials responsible for implementing the controls could meet to share their experiences. It would be desirable that such a working group should reach rapid conclusions on certain practical matters.

152. The FRENCH Delegate stated that in view of the complexity of the problems presented by the interpretation of the Lists and of the Administrative Principles, the Coordinating Committee ought to be informed of them. The "marginal" cases, which were comparatively rare, might be very important and in France instructions had been given that, when they arose, the departments issuing licences should advise the French Delegation, who in their turn would bring the matter before the Coordinating Committee if they judged this necessary.

CONFIDENTIAL

CONFIDENTIAL

- 22 -

COCOM Document Sub-C (59) 2B

153. The UNITED STATES Delegate associated himself with his French colleague and expressed the view that problems of List interpretation should be handled by the Coordinating Committee. Obviously an official could not be prevented from consulting his opposite number in another participating country on a particular question, and in fact such a practice had much to recommend it, but this should not lead to the setting up of a working group. If a complex problem arose, the safest method would be to consult the Coordinating Committee; in the United States Delegation's view, time spent on such consultations was used in the best interests of the security of all participating countries.

154. The BELGIAN Delegate associated himself with his French and United States colleagues. He also felt that questions of interpretation ought to be dealt with by the Coordinating Committee.

155. The GERMAN Delegate emphasised that such a working group would not have the task of establishing an interpretation for any given item on the Lists, but merely of carrying out an exchange of views on the customary practices in the different countries. If divergencies of view were found to exist on any matter, the consulting country would be required to refuse the export licence or to refer the question to the Coordinating Committee for decision. The Delegate took note that the Sub-Committee were unable to reach agreement on this proposal, but he insisted nevertheless that the departments responsible for implementing the controls should take advantage of the existence of the Coordinating Committee and submit to it more frequently the questions on which they experienced doubts.

156. The ITALIAN Delegate stated the opinion that the German proposal did not call for codification within the framework of the Coordinating Committee's procedures. It was a practical proposal and an initiative which, in his Delegation's view, could be followed if necessary. The Delegate reserved the right to revert to this matter in the Coordinating Committee.

157. The SUB-COMMITTEE noted that they were unable to reach agreement on the German proposal, which they forwarded to the Coordinating Committee. No objection was raised, however, to the principle of written consultations between the officials implementing the controls in the various participating countries.

158. The FRENCH Delegate indicated that, in the event of bilateral consultations, the position adopted by the two countries would be binding only as far as they themselves were concerned.

(b) Treatment of non-specialised parts
(COCOM Document 3532)

159. The UNITED KINGDOM Delegate referred to his Delegation's memorandum (COCOM Document 3532) and pointed out that, as the United Kingdom authorities only required export licences in the case of items on the strategic Lists and some other items subject to economic control, no licence was necessary for the export of certain non-specialised parts which could be used to make up oscilloscopes. The Delegate emphasised that this fact did not constitute a serious strategic problem because an oscilloscope obtained by assembling such parts would not be very useful to Communist countries; nevertheless the United Kingdom Government wished to avoid infringing the terms of Administrative Principle No. 4 and would be interested to learn whether other Member Governments had encountered the same problem and how they had resolved it.

160. The BELGIAN, CANADIAN, DANISH, ITALIAN, NETHERLANDS, TURKISH and UNITED STATES Delegates stated that this problem did not arise in their countries, where all exports to the Sino-Soviet Bloc were subject to licensing.

CONFIDENTIAL

- 23 -

COCOM Document Sub-C (59) 2B

161. The FRENCH, GERMAN and JAPANESE Delegates stated that only items on the International Lists were subject to licensing in their countries. The Japanese Delegates added, however, that so far no problem had arisen in connection with the application of Administrative Principle No. 4.

162. The UNITED KINGDOM Delegate noted that in order to resolve this problem, his Government would have to envisage the amendment of their control system so as to cover parts which were apparently non specialised.

163. The SUB-COMMITTEE agreed to draw the Coordinating Committee's attention to this matter and recommended that licensing services should take particular care to avoid the export to the Sino-Soviet Bloc of spare parts intended in fact to be combined to form an embargoed item.

VIII. STATISTICS ON SECONDARY CONTROLS: RELATING TO DEPENDENT OVERSEAS TERRITORIES

(COCOM Document Sub-C.(59) 1, paragraph 78)

164. The FRENCH Delegate stated that, after obtaining information from the authorities in Overseas Territories, the competent French officials had found that no List IV items had been exported from these territories to the Sino-Soviet Bloc during 1958 and the first quarter of 1959.

165. The UNITED KINGDOM Delegate stated that the statistics for dependent overseas territories were incorporated in the returns submitted to the Coordinating Committee by the United Kingdom. As regards other Commonwealth countries, the United Kingdom authorities did not consider that any useful purpose would be served by insisting that they should supply statistical returns: almost all these countries applied a control system similar to that in force in the United Kingdom.

166. The UNITED STATES Delegate stated that the authorities in his country submitted monthly statistical returns for List I and List IV. Panama and all other territories dependent on the United States subjected all List IV items to licensing. Turning to a more general aspect of the question of statistics, the Delegate wished to stress the importance of this aspect of the Coordinating Committee's work. Having had occasion to note the considerable time which elapsed before the United States statistical services were in a position to compile full reports regarding exports of List IV items, the Delegate urged that all participating countries should make an effort to speed up the submission of these details. Although he was aware of the cogent reasons which justified certain delays, the Delegate nevertheless wished to emphasize once again the importance of these statistics.

167. The SUB-COMMITTEE noted that the rules laid down by the Coordinating Committee were being followed in overseas territories. He noted that certain delays might occur in communicating statistics, some of which were based on exports carried out and not on licences issued.

IX. NON-MEMBER COUNTRY COOPERATION

(a) Study of Statistics on ICs issued during the First Half of 1958 (COCOM Document 3340.8)*

168. The SUB-COMMITTEE noted, upon examination of COCOM Document 3340.8, which dealt with statistics on ICs issued during the first half of 1958 for imports from non-member countries and Dependent Overseas Territories of member countries, that these countries cooperated in the IC/DV system to an appreciable extent.

* The BELGIAN, DANISH, FRENCH and UNITED STATES Delegations pointed out a number of material errors, which were later rectified (see the Second Corrigendum to COCOM Document 3340.8B).

CONFIDENTIAL

- 24 -

COCOM Document Sub-C (59) 2E

(b) Study of Statistics of IC/DV Issuances and Receipts since the Previous Meeting

169. The Sub-Committee considered that there was no further need to ask Member Governments to supply statistical returns for ICs and DVs issued or received by their services. They agreed that at the following session they would examine whether a further compilation of this nature would serve a useful purpose.

X. ADDRESSES OF AUTHORITIES COOPERATING IN THE SYSTEM OF EXPORT CONTROLS
(Secretariat Paper No. 103)

170. The FRENCH Delegation made the following remarks: (1) the heading of this document should indicate that it also deals with dependent overseas territories of participating countries and not only with non-member countries; (2) in the case of Algeria, it should be noted that this territory, which is closely linked to France, should appear in the document listing the addresses of member countries, in the following form: Délégation générale du Gouvernement en Algérie, Alger; (3) import certificates for French Overseas Territories are issued by the following service: Département de la France d'Outre-Mer, Direction des Affaires économiques, 27 rue Oudinot, Paris.

171. The Sub-Committee noted that Secretariat Paper No. 103, publishing as it did the addresses of authorities in dependent overseas territories and in non-member countries responsible for implementing the control procedures, was most useful. It might be desirable at a later date to draw up a similar document grouping the addresses of responsible authorities in participating countries; this question might be examined after Greece and Portugal had made known the exact addresses of their official departments.

XI. NEXT MEETING

172. The Sub-Committee agreed to recommend to the Coordinating Committee that its next meeting should take place in six months' time, that is, in November 1959.

XII. OTHER QUESTIONS

173. The members of the Sub-Committee, during their session in Rome, were provided with an opportunity to visit the customs services at the Ciampino Airport and at the port of Naples. These visits enabled delegations to make fruitful comparisons between the methods practised locally and those normally employed in their own countries.

CONFIDENTIAL

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ANNEX TO
COCOM Document Sub-C (59) 2B

TEXT SUBMITTED BY THE UNITED STATES DELEGATION

CONCERNING

THE EXEMPTION GRANTED TO GOVERNMENT AGENCIES

UNDER THE IC/DV SYSTEM

[See CH. IV (a) (iv)]

The term "government agency" is construed as follows by the United States Export Control Authorities:

- (a) National governmental departments operated by government paid personnel performing governmental administrative functions: e.g., Finance Ministry, Ministry of Defense, Ministry of Health, etc.
- (b) National government owned public service entities; e.g., nationally owned railway, postal, telephone, telegraph, broadcasting, and power systems, etc..

The term "government agency" does not include government corporations, quasi-government agencies, and state enterprises engaged in commercial, industrial, and manufacturing activities; such as petroleum refining, production, and distribution plants, mines, steel mills, retail stores, automobile manufacturing plants, airlines, or steamship lines which operate between two or more countries, etc.

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