EXECUTIVE SECRETARIAT

Routing Slip

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI		✓		
2	DDCI		✓		
3	EXDIR		✓		
4	D/ICS				
5	DDI		✓		
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC		✓		
10	GC				
11	IG				
12	Compt				
13	D/EEO				
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20					
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SUSPENSE ________ Date

Remarks:

Executive Secretary

5/24/82

Date

3637 (10-81)

24 May 1982

MEMORANDUM FOR: Deputy Director for Intelligence
Chairman, National Intelligence Council

FROM: Director of Central Intelligence

SUBJECT: Pipeline Sanctions

At the NSC meeting, State and Commerce pitched for giving Buckley authority to throw in the pipeline sanctions at a 27 May meeting in Paris. All the domestic people agreed except Treasury. Defense, Kirkpatrick and I argued the other way. The points I made are these:

-- Poland - bad as ever - after some loosening, repression being tightened - economy at 60% of capacity - likely to get worse

-- Soviet-European pipeline

- $15 to $20 billion in hard currency between 1985 and 1990
- $4 to $5 billion a year after 1990

-- We can delay, make more expensive, but not block unless there is unforeseen change of heart in Europe. Still, crash program and swap arrangement with British and Dutch could meet needs to be provided by Yamal, and strategic stakes are so great that we should not give up.

-- First leg of pipeline will make Europe dependent on Russia for 20% of gas.

-- By turn of century dependence will be 40% unless declining supply from Holland and increased needs are replaced by non-Russian sources.

-- Norway has potential and needs assurance of market and financing from Europe to develop.

-- Japanese market and Siberian development will give Soviets $20-$30 billion hard currency over 20 years.

-- Lending to Soviets likely to be limited by financial and economic considerations and any additional limitations obtained by negotiations not likely to be significant.

-- Certainly $200 million worth of business for US is dwarfed by value of gas sales to Soviets compared to hard currency Soviets could get from gas which will sharply reduce need for credit.

William J. Casey

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