

DECLASSIFIED

E.O. 12958, as amended, Sect 3.5

NSC/Southern to Smith 09/06/2002

By LR Date 06/27/07

THE WHITE HOUSE

WASHINGTON

March 14, 1974

~~SECRET - GDS~~

National Security Decision Memorandum 247

Council on International Economic Policy Decision Memorandum 22

MEMORANDUM FOR

The Secretary of the Treasury  
The Secretary of Defense  
The Secretary of Commerce  
The Chairman, U. S. Atomic Energy Commission  
The Director of Central Intelligence  
The Deputy Secretary of State  
The Director, National Security Agency  
The Director, National Science Foundation

SUBJECT: U. S. Policy on the Export of Computers to  
Communist Countries

The President has reviewed the findings and recommendations of the interagency study (CIEPSM 25) and has decided that:

1. The power of computers to be exported to Communist countries under the present "easy access" procedure shall be raised from its present level of a Processing Data Rate (PDR) of 8 million bits per second to 32 million bits per second, to be designated as the limit of the "Special Administrative Exception" procedure (thus ending the easy access terminology). The conditions of sale are specified in the attachment. Exports of computers exceeding this power shall be reviewed on a case-by-case basis and strictly limited to demonstrably peaceful applications.
2. The export of completed hardware for use as part of computer systems produced by Communist countries shall be restricted in number, performance, and presale conditions as specified in the attachment. Electromechanical peripheral equipment shall be decontrolled; spares for the equipment shall also be decontrolled, except where otherwise embargoed.

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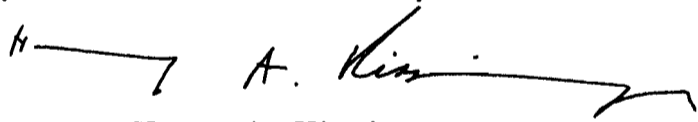
3. The export or transfer of computer technology, production facilities, specialized programs and comprehensive programming services shall continue to be restricted. These restraints shall include those placed on the means to design, develop, and produce computers, peripheral storage devices and storage media, displays, high speed memories, and electronic components. The permitted levels for the sale of production technology for magnetic peripherals and final system configuration are specified in the attachment. Technology uniquely related to electromechanical peripheral equipment shall be decontrolled, except where such technology is otherwise embargoed.
4. The differential practiced against the People's Republic of China in computer exports shall be removed so that export restrictions against the PRC shall be identical to those applied to East European countries and the Soviet Union.

The President has directed the further study of technical and administrative issues relating, in particular, to safeguard procedures and the means to control the export of technical information, training services, and software. The purpose of these studies will be to determine what measures are effective and economically feasible so that export restraints might then be appropriately modified.

The President believes that a reduction in the administrative burden associated with processing license applications for computer exports is needed. Accordingly, he has directed that arrangements be worked out between the Department of Commerce and other Departments to simplify the administrative procedures for processing license applications for computers and associated equipment. The Department of Commerce shall also continue its effort to improve its internal procedures for reviewing computer license applications.

The President has directed the preparation of a comprehensive U. S. position for the 1974 COCOM computer list review, including a determination of those parameters left unspecified in the attachment. This effort shall be conducted by the Economic Defense Advisory Committee and the staffs of the Council on International Economic Policy and the National Security Council.

Attachment

  
Henry A. Kissinger

  
Peter M. Flanigan

Table of Permitted Levels (See following pages for definition of terms)

	Central Processing Units		Peripheral Memory Devices other than Magnetic Tape			Magnetic Tape Peripherals			Remote Comm. TEBTR b/s	Pre-Sale End-User End-User Condition	Nominal Post-Sale Safeguards	No. of Systems Supported Per Year
	PDR 10 <sup>6</sup> b/s	Memory 10 <sup>6</sup> bits	PPF	Trans. Rate 10 <sup>6</sup>	Total Cap. 10 <sup>6</sup>	Packing Density bits/in.	Trans Rate 10 b/s	Number				
<u>Sale of Computer Systems</u>												
Administrative												
1. Exception	TBD*	TBD	TBD	1.5	TBD	TBD	1.5	12	TBD	I	none	NA**
2. Special Administrative Exception	32	4.72	TBD	TBD	TBD	---	1.5	12	9600	IIa	I	NA
<u>Sale of Production Qty. of Products</u>												
1. Electro-Mechanical Peripherals	--	---	---	----	----	---	---	----	---	none	none	NA
2. Magnetic Peripherals	--	---	32	1.5	235	1600	0.96	----	---	TBD	none	
3. Permitted final system configuration	8	2.36	32	1.5	950	---	1.5	6	2400	TBD	none	TBD
<u>Sale of Production Technology</u>												
1. Manuf. Electro-Mech. Peripherals	---	---	---	----	----	----	---	----	---	none	none	NA
2. Manuf. Magnetic Peripherals	---	---	8	1.5	60	1600	0.96	----	---	Ia	none	
3. Permitted Final System Configuration	8	2.36	32	1.5	950	---	1.5	6	2400	IIb	none	200

\* To Be Determined  
 \*\* Not Applicable

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DEFINITIONS OF TERMS

	IL-1565 Reference	
	IL-1565	IL-1565 Note
<u>I - Computer Equipment Performance Parameters</u>		
1 - Central Processing Units	(d)	4 (b)
a - Processing Data Rate	1)	2)
b - Internal Memory Capacity	3)	3)
2 - Peripheral Memory Devices Other Than Magnetic Tape		
a - Peripheral Performance Factor (Restatement of comparison factor)	NA	4) iv)
PPF = $\frac{\text{Memory Capacity in million of bits}}{(\text{average access time in seconds})^{3/2} \times 10^3}$		
b - Effective Bit Transfer Rate	4) ii)	4) iii)
c - Memory Capacity	4) iv)	4) iv)
3 - Magnetic Tape Peripherals		
a - Longitudinal Bit Packing Density for 7 or 9 track, 1/2 inch tape	4) iii)	NA
b - Effective Bit Transfer Rate	4) iii)	4) iii)
c - Number of Magnetic Tape Peripherals	4) i)	4) i)
4 - Remote Communications (Terminal Devices)		
a - Total Effective Bit Transfer Rate	6) i)	5) i)

II - Special Administrative Exception

Exports of computer systems below the given performance levels would be automatically approved 28 days after submission to COCOM for review provided (1) the individual governments had assured COCOM that the end-use/end-user conditions were satisfied; (2) that the seller would visit (and report on the continuing end-use) the computer facility monthly (quarterly for lower performance computers in this range); and (3) the individual government submit a signed statement from the importing agency or end-user providing assurance of peaceful end-use, the right of access to the computer facility, and the assumption of the responsibility to report any significant change to the facts presented.

III - Pre-Sale End-Use/End-User Information

Level I - The present requirement for the purchaser or end-user to provide sufficient information to the licensing government to permit assessment of the transaction. In the COCOM International List, this requirement is stated as permitting government to export the specified equipment provided that:

The Government of the exporting country has assured itself that the equipment is primarily used in non-strategic applications;

The Government of the exporting country is reasonably satisfied that the equipment will be used primarily for the specific non-

strategic applications for which the export would be approved and that the number, type and characteristics of such equipment are normal for the approved use.

In addition, U.S. Export Control Regulations require the purchaser or end-user to sign a statement (Form FC-842) agreeing (1) to report in the future any material and substantive changes in the facts presented in the export request; and (2) not to dispose of the exported equipment without prior written approval of the Department of Commerce.

Level Ia - A modification of the present end-use/end-user conditions when considering sales of production quantities of products and for the disposition of products produced with Western licensed production technology to provide for post-facto reporting of ultimate end-use/end-user information. This modification is necessary in many instances since the original shipments are made to a Communist plant under a general assurance of non-strategic use and only at the time of shipment to the ultimate destination, can specific end-use/end-user be provided to the licensing government (see the present ad hoc procedures for handling OEM exports).

Level II - The present U.S. requirement for the purchaser or end-user to provide more complete and detailed end-use/end-user information for assessing requests for exports under the exceptions procedure (see the ACEP Interpretation 1). Although there is no formal requirement in COCOM to provide this additional information, the UK has agreed on a bilateral basis to provide this information for their exceptional cases.

Level IIa - This is a new proposal which requires, in addition to the information provided in II above, the submission to COCOM by the licensing government of a signed statement by the Communist importing agency or end-user providing assurance of peaceful end-use, the right of access to the computer facility and the assumption of the responsibility to report any significant change to the facts presented (see Form FC-842).

Level IIb - A modification of the end-use/end-user conditions of II above for Communist produced computers using equipment imported from the West or produced from Western production technology. Also included is a signed statement from the importing agency or production facility providing assurances of peaceful end-use, the right of access to the production facility and the assumption of the responsibilities to report any significant change to the facts presented.

#### IV - Post-Sale Safeguards

##### Level I

- A - The end-user granting Western representatives of the vendor the right of free access to the computer facility and providing information on the utilization of the computer.

- B - Monthly visits (quarterly for lower performance computers in this range) by Western representatives of the vendor to assess that the computer is still being used for the approved purposes and that it has not been moved from the authorized location.
- C - The vendor submitting reports on the results of their periodic visits to the appropriate licensing authorities.

V. - Sale of Production Technology

Exports of technology, including transfer of skills and data, necessary for fabrication, assembly and check-out of equipment of performance given in the Table under Sale of Production Technology are permitted provided certain conditions\* are satisfied. (Design technology and technology to produce embargoed or specially designed tools and test equipment are embargoed.)

- A - Technology for the manufacture of electromechanical peripherals excluding technology for electronic logic and memory elements.
- B - Technology for the manufacture of magnetic tape transport drive mechanisms excluding technology for tape capstan drive and/or clamping mechanism, magnetic heads and tape.
- C - Technology for the manufacture of magnetic disc drive mechanisms excluding technology for magnetic heads, servos and magnetic surfaces.

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\* Item IL 1565, Note 3 and Statement of Understanding thereto as may be modified to reflect decisions on options recommended in this study.