

October 12, 1994

MEMORANDUM FOR MARTHA FOLEY

FROM: JOSE CERDA

SUBJECT: Update on Russian Gun Imports *file*

Per your request, this memorandum outlines for you some general background on the issue of gun imports, the course of action recently taken by the State Department and where the issue -- to the best of my knowledge -- currently stands. Please let me know if you require any additional information.

I. GENERAL BACKGROUND

Prior to 1968, the U.S. was flooded with inexpensive surplus military firearms and cheap "Saturday Night Special" type handguns. As firearms import levels rose to 1.2 million in 1967, Congress responded by passing the Gun Control Act of 1968 (GCA), which banned the import of all surplus military firearms and permitted the import of non-military firearms only to the extent that such weapons were designed to meet a "sporting purpose." Criteria were established to determine what firearms met the "sporting purpose" test and were used to stop the importation of cheaply made, easily concealable handguns that were the crime guns of the day.

The Arms Export and Control Act (AECA), which pre-dates the GCA, also moderated the volume of firearms imports in the late 1960s. Pursuant to the AECA, firearms trading with specific countries designated by the State Department's proscribed list -- such as China, South Africa, Vietnam and the nations of Eastern Europe -- was prohibited.

In recent years, however, several factors have combined to once again make the US a potential dumping ground for cheap weapons from around the world. First, in 1984, Congress amended the GCA to allow surplus military weapons to be imported if the weapons fit within the category of "curios and relics." This amendment originally applied to only a few rare collectibles that were more than 50 years old. But in 1994, 50 years after the war, virtually all World War II surplus military firearms are eligible for this exemption. Treasury intends to address this problem soon by amending the regulations defining "curios and relics."

Second, as trade with China and Eastern European countries has opened, these nations have been removed or granted exceptions from the State Department's proscribed list, lifting the restrictions against arms importation under the AECA. As a result, large quantities of surplus military rifles and handguns are being imported and sold in the U.S. -- and often at prices below \$100. It seems as if China and the Eastern European countries, whose arms industries are predominantly state owned, are converting their military firearms industry to

produce civilian firearms for sale in the U.S. In 1993, for example, China imported more than 300,000 SKS semiautomatic rifles (a modified version of the AK-47 assault rifle designed to meet the sporting purpose test), which sold on the street for about \$100.

The Domestic Policy Council first raised the issue of gun imports with the President in a November 10, 1993, memorandum that he requested on policy options to reduce gun violence. Since then, DPC has repeatedly approached the State and Treasury Departments to see what could be done to curb the importation these firearms. Initially, we focused on the largest single source of gun imports -- China. In 1993, China had imported more than 1 million firearms and was requesting permits for millions more in 1994. The growing number of Chinese gun imports had been detailed on various news shows, and Members of Congress were publicly pushing the Administration to take action.

The State Department was reluctant to isolate China in any way and was generally uncomfortable in using a foreign policy tool (the AECA) for domestic policy purposes. Treasury, DPC and other White House staff were more eager to act, but ultimately decided to delay taking any action that would be seen as "gun control" until after the assault weapons debate. Finally, an opportunity to address the imports issue arose during the China MFN debate. DPC suggested to NSC and NEC that the Administration consider restricting Chinese gun imports as part of its decision to grant MFN to China. The President accepted this suggestion and reversed the State Department's 1989 decision to grant China -- despite its status as a proscribed country ineligible to import munitions -- presumptive approval of firearms imports.

II. RUSSIAN GUNS AND THE SUMMIT

Like China, Russia has remained on the State Department's list of proscribed countries, but has nonetheless been allowed to import firearms on a presumptive approval basis since 1992. Until recently, Russia had imported only a small number of firearms (1,036 in 1992 and 18,046 in 1993) and had not garnered the same attention as China. However, from February until September of this year -- during which time the State Department had quit processing applications as it decided what to do about increased gun imports -- Russia submitted more than 250 license applications to import 7.6 million firearms and 7 billion rounds of ammunition, or more than twice the number of firearms imported by all foreign countries last year (3 million). Granting Russia presumptive approval to import so many firearms would flood the U.S. with cheap guns and clash with the Administration's domestic efforts to reduce gun violence. However, invoking anew Russia's status as a proscribed country that was ineligible to import munitions would be a retreat from our July, 1993 policy to normalize trade with Russia.

We were first made aware of this issue just prior to the Russian Summit. The State Department called Cabinet Affairs to inform the White House that the Russian Deputy Trade Representative had complained about the backlog of firearms import applications (about \$1 billion in trade) and suggested that Yeltsin himself might raise this issue during the Summit. Moreover, there was a proposal before the Summit to remove Russia from the proscribed list in return for their commitment to end arms sales to Iran -- and this would preclude the Administration from being able to stop the importation of these millions of firearms.

In the end, the White House, Treasury and State agreed that -- immediately following the Russian Summit -- the State Department would advise Treasury to reject Russia's applications for firearms imports on foreign policy grounds and announce that a study on the national security implications of increased gun imports would have to be completed before the State Department could approve additional applications. This is the course of action that was announced by State Department spokesman Mike McCurry on Monday, October 3rd (see attached State Department statement and cable).

III. WHERE WE STAND

On Friday, October 7th, the State Department transmitted a letter to the Bureau of Alcohol, Tobacco and Firearms, informing the Bureau of its decision to advise against the approval of Russia's 250 import applications. The Bureau began processing these denials on October 11th and expects to finish by the end of the week.

The State Department intends to begin studying this issue immediately and would like to report their findings later this fall. Since the Russians can -- and are likely to -- immediately refile their applications and demand action, the State Department will be under extreme pressure to conclude their study and quickly reconsider the Russian permits.

I have suggested to Cabinet Affairs that an interagency review would be more appropriate than an internal study. There are several reasons for this. First, as the U.S. trades more with Russia and others -- and these countries pose less of a national security threat -- they will be dropped from the State Department's proscribed list, and there will be little if any foreign policy rationale for restricting their firearms imports. Second, as the Administration continues to push for increased trade around the world (i.e., NAFTA, GATT), it will become increasingly difficult to restrict the import of guns into the U.S. -- the world's largest consumer of firearms. Given these two reasons, the State Department is likely to suggest that the Administration pursue legislation granting Treasury new authorities to restrict gun imports for public safety reasons -- an option that is not legislatively or politically achievable. Thus, any realistic policy option to curb gun imports must take into account the foreign, trade and crime policy concerns. That is not an easy thing to do, and it is not something I think we can expect from an internal State Department study. My own opinion is that any review of the gun import issue should also include Treasury, USTR and Justice, with some White House participation.

I have also suggested to Cabinet Affairs that Treasury Undersecretary Ron Noble play a prominent role in the search for a solution to this problem. Not only does Noble's agency oversee gun imports and domestic gun policy, but Noble has travelled with FBI Director Freeh to Russia and the Eastern Block countries to discuss international crime issue and was recently elected to serve as a member of INTERPOL's board. Since any final solution to the gun imports problems is likely to be couched in terms of the international crime problem, Noble would be instrumental reaching out to law enforcement agencies abroad.

Cabinet Affairs has not yet followed up with the State Department on these issues.