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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Hoyt Yee to National Security Advisor, re: For SRB meeting with Amb. Rohatyn Monday 2 pm (3 pages)	04/08/2000	P1/b(1)
002. memo	Samuel Berger to John Podesta, re: Meeting with Ambassador Rohatyn (3 pages)	04/07/2000	P5 6000

COLLECTION:

Clinton Presidential Records
 National Security Council
 European Affairs (Blinken, Anthony)
 OA/Box Number: 3506

FOLDER TITLE:

France - Berger Meeting with Felix Rohatyn, April 10, 2000

Kara Ellis
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RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE
WASHINGTON



April 7, 2000

INFORMATION

MEMORANDUM FOR JOHN PODESTA

FROM: SAMUEL R. BERGER

SUBJECT: Meeting with Ambassador Rohatyn

You will meet with U.S. Ambassador to France Felix Rohatyn on Tuesday, April 11. Amb. Rohatyn wants to discuss the increasing globalization of the defense trade industry and how the U.S. export licensing policies place U.S. firms at a disadvantage in this changing landscape. The Ambassador apparently feels strongly that the USG must update its export policies and processes to ensure the long-term health of the defense industry, and (as noted by former Deputy Secretary Hamre) to avoid the development of a "fortress Europe" in defense trade.

To make his point, Ambassador Rohatyn may cite EU plans to develop distinctly European military capabilities under the European Security and Defense Policy (ESDP); recent European defense mergers (EADS, BAe/GEC, and Thomson/CSF) that strengthen European defense industry; and European efforts to "design around" U.S. defense articles and components to avoid delays posed by U.S. export controls. You have heard much the same from U.S. aerospace industry representatives and the Departments of Defense and Commerce. (Tab A is a brief overview of U.S. and Allied concerns about aerospace exports, and a illustrative list of broader defense trade licensing problems compiled by the Department of Defense).

Amb. Rohatyn may concentrate on the aerospace industry, but he is concerned about the other components of our defense industry as well. (In the event the Ambassador suggests increased U.S.-French cooperation in defense trade, you should be aware that we would have to address our concerns with the French ability and inclination to sufficiently safeguard our technology.) You may want to seek the Ambassador's reaction to several actions the Administration is taking, or considering, to address this problem, as outlined below.

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Improvements to the Commercial Satellite Licensing System. State plans to implement an expedited licensing process for commercial satellite exports to NATO and major non-NATO allies by May 1. The new process will make it easier for U.S. companies to bid on satellite projects, respond to insurance company requests (European companies underwrite over 80% of satellite launches), and retransfer parts and components. State's industry advisory group said companies would benefit the most from expedited licensing treatment in these three areas.

"NAC Initiatives". We plan to announce a number of initiatives (Tab B) that will improve U.S. firms' ability to export munitions list items. The actions include streamlined licensing for government-to-government projects with NATO, Japan and Australia, expedited licensing for urgent foreign government requests, and improved computer connectivity between State and DoD. The changes will enhance our defense cooperation efforts, but they are not a major streamlining of the licensing process. State intends to complete the necessary regulations by May 24. Secretary Albright hopes to announce the initiative at the May 24-25 North Atlantic Council Ministerial.

Declaration of Principles and "Canadian-style" Exemptions. To strengthen U.S. military capabilities, enhance trans-Atlantic and trans-Pacific defense cooperation, increase interoperability post-Kosovo and to close technology gaps with our allies, DoD would like to conclude more bilateral defense cooperation agreements like the "Declaration of Principles" (DOP) signed by Secretary Cohen and U.K. Defense Minister Hoon in February. The DOP is a series of goals and objectives intended to enhance U.S.-U.K. defense equipment and industrial cooperation by, e.g., harmonizing military requirement and acquisition processes and R&D programs, and encouraging cross-border investment.

As a related initiative, DoD would like to conclude end-use and retransfer agreements with the U.K. and then provide it with a Canadian-style ITAR exemption (which would permit license-free exports of many unclassified munitions items and technical data). Over time DoD would like both to conclude more DOPs and extend an exemption to other selected allies (e.g., Australia).

As you know, State objects to concluding additional DOPs and extending Canada-style exemptions for many reasons, including losing the ability to review munitions items for foreign policy reasons and concerns about the ability of other countries to enforce U.S. retransfer requirements. Jim Steinberg is working

with State and DoD on these issues. We hope to reach consensus or to escalate unresolved issues by the end of April.

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Long Term Policy Solutions. We expect that the new initiatives will address at least some of the problems identified by industry and our allies. In addition, we can continue to press the agencies for additional process reforms to be implemented in the next six to nine months.

One avenue we can consider is a fundamental rethinking of the national security and foreign policy philosophies that underlie current munitions licensing policies and regulations. We doubt, however, we can conclude a thoughtful review of this nature by the end of the year. We could begin the debate, either through a policy review process (PRD), or by working with an outside group, such as a private think tank, or the National Academy of Sciences (the NAS prepared two well-received reports on dual-use technology transfer policy and process in 1987 and 1991). The results of such a review could be presented to the next Administration in a timely manner if we set a completion date of Fall, 2001.

Attachments

- Tab A Industry/Allied Problems with Aerospace Export Licensing Process and Examples of Licensing Problems
- Tab B State/DoD Licensing Reform Initiatives