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Excerpts from a June 26th Viewer Call-In with REPS. HELEN DELICH BENTLEY (R-MD) and DON BONKER (D-WA). This 50-minute live call-in examined the effects of allied export control programs on U.S. national security.

Q - Could the sale of high tech submarine parts to the Soviet Union by our allies have been stopped in any way by the United States?

HELEN BENTLEY - "Yes, it could have been stopped by the U.S. by doing all of our defense work at home. So, the Japanese would not have any of our equipment or know anything about how we produce the silent propeller and [Japan] wouldn't know anything about the availability of our equipment. I am vigorously opposed to the use of foreign [manufacturing] services by our Defense [Department]."

Q - What would you like to see, in terms of imposing sanctions, government-to-government?

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ADD ONE

H.B. - "Government-to-government, we can't do much, but the people of America can do much. I'm calling for a boycott. I'm calling for a boycott of Toshiba products in this country and hopefully, the labor unions will join in."

H.B. - "We need to maintain export controls on anything to do with defense. There are a lot of other factors which have stifled our exports. One, is that we do not have financing like most foreign companies do to assist their exports. We have a lot of other restrictions, such as the criminal prosecution if anyone is caught paying commission overseas. We don't do the export selling that most of the other countries do, because we haven't needed it. We are a big market and it is so big, in fact, that the whole world wants to come into it."

H.B. - "One of the problems we're in is because of our trade deficit and our operating deficit. We're having to borrow money from Japan and live on their money."

Q - Do international banks have a role to play in this high tech situation?

H.B. - "Nine out of the ten most gigantic international banks are Japanese. That speaks for itself. They've taken over the money markets of the world."

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ADD TWO

H.B. - "What I would do with these countries that have unfair trading practices with the U.S., [is that] I would impose upon all their products coming into the U.S., the same exact restrictions that they impose on our products going into their countries."

H.B. - "I hope we will demand that the countries who have unfair trading practices [toward the U.S.] will have to change their policies. It's the only way we'll get our trade opened up."

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Excerpts from a June 26th C-SPAN Viewer Call-In with REPS. DON BONKER (D-WA) and HELEN DELICH BENTLEY (R-MD). This 50-minute call-in examined the effects of allied export control programs on U.S. national security.

Q - Our allies sold high tech submarine parts to the Soviet Union. Is that something that concerns you?

Don Bonker - "Absolutely. This wasn't government action, but these were private companies that produced highly sophisticated technology. When they applied for export licenses in their respective governments, they committed fraud by putting false information on the forms, on both the content of the product as well as the end user. The result is that they diverted this technology, which has military capability, to the Soviet Union. [This] enabled their navy to put into their submarine, propellers that would effectively evade any detection. This [does] considerable damage to our national security interest and it raises a host of questions, both about the Japanese and the

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Norwegian's export control program."

Q - Do you share the same concern about other countries being involved in our defense contracting work?

D.B. - "In this particular case, the Japanese were producing the sophisticated propeller or machine tools that proved [to be] vital to the Soviet Union. The Norwegians produced the brain power-- the numerical powers that are necessary in directing this equipment. There, necessarily, was involved collaboration between the Norwegians and the Japanese producers of this equipment. We ought to be relying on our own producers for our national security needs."

D.B. - "I think what is important now is [for] both the government of Japan and the government of Norway to aggressively prosecute those involved. That means not only shutting down the manufacturing companies, but also issuing indictments for a flagrant violation of their export control programs. Now, I don't think the U.S. government should intervene in that process. If we're not satisfied that the prosecutions have been forthcoming and those involved have been punished, then I think we ought to contemplate some sort of import sanctions or whatever we think may be in order, to make sure that those involved in this diversion have been properly and aggressively prosecuted."

ADD TWO

D.B. - "We do have legislation pending before the committee I chair [International Economic Policy & Trade], that would impose an import ban on all products from Toshiba. For Norway, I think we ought to terminate all existing contracts with that company, as a supplier of defense related items, and whether or not this legislation will move, depends in part on what those governments do to prosecute those who are guilting in this incident."

D.B. - "There was a recent panel sponsored by the National Academy of Science which found that our exporters are losing about \$9 billion a year because of these excessive export control requirements. In 1981, where we had a \$21 billion trade surplus in technology, we now have a \$2 billion deficit. So, these controls are excessive and they're preventing our companies from competing in world markets. We ought to develop multilateral controls so that all countries that have this technology and are exporting it are playing by the same rules."

D.B. - "Our restrictions on the exported technology have seriously crippled our efforts to compete and if we can't compete in technology, it's going to be very difficult for America to turn around that trade deficit."

Q - Tell us about the amendment that was passed.

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ADD THREE

D.B. - "This amendment to [the] State Authorization bill would have directed the secretary of state to report to the Congress the status of investigations of both of these countries concerning the shipment of technology to the Soviet Union. The second part would direct the secretary to pursue negotiations for compensation on the damage to western security. In other words, if we have made available through our allies the technology that is effectively evading detection, then our navy will have to come up with newer technology in order to deal with that problem. So, it's going to be an additional cost for our Defense Department and we're going to pursue some negotiations concerning this compensations matter."

D.B. - "We have rigid controls on what we're trying to export. The question is how we can get Japan and Germany and Norway and other countries to take seriously this problem of technological transfers and ask them to impose controls on their own producers of technology. We have an organization called, COCOM: the coordinating committee to which the United States, Japan, Norway and all these countries belong and we try to take a multilateral approach, so that all countries are controlling the technology, at least that which has military advantage. We need an elaborate, controlled mechanism so that all these countries are abiding by the same export control rules. We can't control all this stuff, but we're trying to do the best that we can. COCOM

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ADD FOUR

establishes the kind of technology that ought to be controlled, but it's up to each of the countries to establish their own export control programs and the enforcement procedures that go with them. The resolution that passed the House of Representatives merely instructed the State Department to pursue negotiations with the countries involved."

D.B. - "The trade bill includes a number of provisions that would, hopefully, restore our competitive position. One of the provisions deals with technology transfer and reforms that would ease restrictions on commercial technology so that U.S. exporters would not be behind any other countries that are trying to compete in these world markets. We need strong effective enforcement of our multilateral export control program."

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INSERT QUOTES

Excerpt from a call-in BBS w/ ^{on June 26th} Don Bonker & ~~How~~ Bentley discussing the effects of ^{allied} high tech sales to the Soviet Union on U.S. National Security.

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