CoCom
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The ”Coordinating Committee on Multilateral Export Controls“

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by

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CoCom – The "Coordinating Committee on Multilateral Export Controls"

1. Economic Warfare: The creation and development of a "Coordinating Committee on Multilateral Export Controls" (CoCom)

Until its dissolution in early 1994,[1] the "Coordinating Committee on Multilateral Export Controls" (CoCom) was the primary international institution through which the United States and other non-communist countries controlled the export of goods and technologies for security purposes. CoCom was formed in 1949 by the U.S. and the other NATO member countries,[2] excluding Iceland and Spain, plus Japan. Later, Australia and Spain joined CoCom (in 1985 and 1989 respectively). CoCom's target countries included the Soviet Union, other member countries of the future Warsaw Pact Organization (WPO), and the People's Republic of China. During its 45 years of existence, CoCom turned out to be one of the West's major economic and political means to contain the Soviet Union and its allies during the Cold War.[3]

CoCom operated on the basis of "consensus," and functioned without the existence of a treaty or specific international legal authorization. The day-to-day operations of CoCom involved meetings of a Secretariat in Paris at which the members agreed upon the technical specifications of the dual-use items being considered for export to Eastern Europe, the Soviet Union, and the People's Republic of China. The Secretariat also decided whether to allow exceptions to agreed-upon restrictions. Sporadic CoCom "High Level" meetings set or enunciated overall policy for the members. To provide guidance, CoCom created three lists of controlled items: a munitions list; a list of commodities (which was called the Commodity Control List in the United States, and which is the list of "dual use" technology, products and services); and an Atomic Energy List to control atomic and nuclear technology. The export

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1 In late 1993, the COCOM member countries agreed with the U.S. proposal to terminate COCOM and replace it with a new multilateral mechanism. COCOM ceased to exist on 31 March 1994. A successor organization, called the "Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies," became effective in September 1996. The 33 member countries implement the Wassenaar list of controlled items to countries of concern by "national discretion." The countries of concern were Iran, Iraq, North Korea, and Libya.

2 Besides the United States, these countries were members in 1949: the United Kingdom, Canada, France, Denmark, Iceland, Italy, Norway, Portugal, Belgium, Netherlands, and Luxembourg. In 1952, Greece and Turkey joined. West Germany was admitted in 1955, and Spain became the sixteenth member in 1982.

3 From the multifold literature on the development of CoCom, at least these monographs have to be singled out: Gunnar Adler-Karlsson, *Western Economic Warfare, 1947-1967* (Stockholm: Almquist and Wiksell, 1968); Gary K. Bertsch (ed.), *Controlling East-West Trade and Technology Transfer – Power, Politics, and Policies* (Durham and London: Duke University Press, 1988); Michael Mastanduno, *Economic Containment – CoCom and the Politics of East-West Trade* (Ithaca and London: Cornell University Press, 1992).

control organizations of the member countries then incorporated some variant of the listed items. In the United States, the Export Administration Regulations contained the U.S. version of the items on the CoCom lists; in the Federal Republic of Germany (West Germany), the “Ausfuhrliste” was published as “Anlage AL zur Außenwirtschaftsverordnung.”

As CoCom had no independent legal existence, implementation of CoCom decisions depended upon the effectiveness of the export control laws and bureaucracies of each of the individual members. It was the responsibility of CoCom member countries to pass and enforce adequate laws and regulations to control exports. The comprehensiveness of the member countries’ export control regimes, the degree of high level attention given to export controls, and the effectiveness of the export control bureaucracies varied considerably. In reality, CoCom “consensus” gave any member—and that member was most likely to be the U.S.—a veto over the export by any other member of a controlled good or technology.

1947 and 1948 saw a rapid deterioration of U.S. relations with its World War II ally, the Soviet Union. In the summer of 1947, the United States continued to offer, at least officially, to include the Soviet Union in the Marshall Plan for the reconstruction of Europe. But skeptical voices grew louder.[4] By early in 1948, the U.S. administration was challenged by dramatic events in Europe and Asia: The government in Czechoslovakia was seized by Communists, four-power rule in Germany seemed threatened, and the U.S. was looking for military alliance with West European countries. The attempt of the Soviet Union to force the Western allies out of Berlin and the subsequent Airlift in June 1948 created the fear of an impending war that paved the way for rigid action.

By late 1948, the United States had begun for the first time to impose licensing requirements on exports to countries dominated by the Soviet Union, and Congress formally recognized the need for continuing peacetime controls in the Export Control Act of 1949. Although controls were still seen as a “temporary” measure, the act’s stated objectives were (1) to reduce continuing shortages in critical materials, (2) to aid the President in implementing foreign policy, and (3) to control items deemed critical to U.S. national security.

The creation of the North Atlantic Treaty Organization (NATO) in August 1949 was the response of the U.S. and West European countries to the Soviet challenges. To ensure the effectiveness of NATO, the United States transferred military technology, mostly in the form of hardware, directly to its allies. Since the slowly recovering West European countries (and later Japan), however, also were becoming potential sources of advanced militarily relevant technology in the short and medium run, President Truman sent Secretary of Commerce W. Averell Harriman to Europe to enlist allied cooperation in denying the Soviet Union and its allies access to such strategic technology. This led to the establishment of the Coor-

4 In July 1947, George Kennan published, under the "X" pseudonym, his famous *Foreign Affairs* article, "The Sources of Soviet Conduct," in which he proposed a policy of "containment" of Soviet hegemonic ambition.

dinating Committee for Multilateral Export Controls (CoCom) in Paris in 1949 to coordinate for the first time an explicit strategy of “technology denial” to the Soviet bloc countries.

Finally, the start of hostilities on the Korean peninsula on June 25, 1950, let to a renewal of the Export Control Act in 1951 and at about the same time, the Congress enacted the Mutual Defense Assistance Control Act. Also known as the Battle Act, it allowed the United States to embargo shipments of arms, ammunition, nuclear materials, and other strategic items to nations that posed a potential threat to U.S. national security, and it provided statutory authority for U.S. participation in CoCom. As it happens, this was the first public acknowledgement of CoCom’s existence.[5] The act also threatened to cut off U.S. economic assistance to any country that would not cooperate in controlling the export of strategic goods or technology to the Soviet Union.

The action taken in 1950/51 by the U.S. government towards economic warfare was shaped by three related perceptions. The first was that war with the Soviet Union was basically considered inevitable. Therefore access to strategic military and basic production equipment should be denied. The second was that the Soviet economy was considered to be a “war economy” assuming that most economic activities were subject to military purposes. Finally, it was acknowledged that the Soviet economy’s vulnerability was quite low because both the size of the economy and the planned system did not support dependency on foreign sources. It would be all the more important for the U.S. and its allies to focus their embargo activities on items essential for military preparedness and its economic basis. An effective embargo on vital raw materials, metals, abrasives, ball-bearings, industrial diamonds, as well as relevant capital goods and equipment, would impair the Soviet ability to wage war.

It was not surprising that the West European countries took another view of the economic relationship with the Soviet Union and its allies in Central and Eastern Europe.[6] Accordingly, their view of CoCom was different. For U.S. companies it was quite easy to join the embargo directed against the USSR and its allies. After all, they had never developed a stake in those markets. For West European companies, it was a different story. Far more than the U.S., the countries of Western Europe were dependent upon foreign economic relations and on external markets. They had traditional relations with those against which the embargo was directed. Therefore the reaction of the West European countries to the strategic embargo was by no means only supportive. While no country opposed the joint efforts to limit the export of strategic goods to the East, the extension of controls to non-strategic goods was generally rejected. This rejection was based upon economic as well as political

5 Cf. William J. Long, *U.S. Export Control Policy—Executive Autonomy vs. Congressional Reform* (New York: Columbia University Press, 1989), p. 18.

6 For a more detailed analysis of these views and reactions cf. Hanns-D. Jacobsen, Die Ost-West-Wirtschaftsbeziehungen als deutsch-amerikanisches Problem. Aktuelle Materialien zur Internationalen Politik der Stiftung Wissenschaft und Politik, Bd. 5 (Baden-Baden: Nomos Verlagsgesellschaft, 1986), pp. 62 ff. and 209 ff.

considerations. During these years sets of arguments were developed on both sides of the Atlantic that continued to exist over the subsequent 40 years.

For centuries, it was argued in West European capitals, there had existed a division of labor between the more industrialized Western and the more agricultural Eastern Europe. West Europeans challenges the U.S. government's assumption that the East would suffer more than the West by limiting or even stopping trade relations. In addition, they doubted that the embargo policy was an efficient tool to sustain U.S. primacy. The Soviet Union and the East European countries, it was assumed, were in fact able to acquire or substitute those goods they needed badly. Furthermore, West European officials argued that the actual dependence of the communist countries, particularly of the Soviet Union, was lower than assumed, at least not high enough to yield political concessions. Finally, critics pointed out that the U.S. used its supremacy to force the West Europeans to conduct a policy that caused more damage to them than to the U.S. To the very last they voiced fears that the conduct of economic warfare would drive Eastern Europe even more into the Soviet sphere of influence, causing a division of Europe and impede Germany's unification.

During the early fifties the Soviet Union turned back to the autarkist, isolationist and trade-aversionist trade policy it had conducted before World War II and prompted the Central and East European countries to do the same. The principal institution designed to coordinate this new policy line was the Council for Mutual Economic Assistance (CMEA or "Comecon") founded in early 1949 as a reaction to the "Marshall Plan" assistance to the countries of West Europe. Charter members included the Soviet Union, Bulgaria, Czechoslovakia, Hungary, Poland and Rumania. East Germany joined in September 1950.

All these actual and perceived developments that led to the division of Europe did not induce the West European countries to stop supporting U.S. embargo policy. Simply put, decreasing economic relations with Central and Eastern Europe was a price they had to pay for the aid they received from the U.S., but one they paid only reluctantly, irritated by the rigorist approach of the U.S. and its obvious readiness to enforce its policies without compromise.

Exkursus: Export Controls and Inner-German Trade[7]

Divided Germany posed a special problem to the success of western economic warfare and the effectiveness of CoCom controls, because it was the official goal of the West German government to leave the German question open and to promote long-term unification, not division. Thus, economic relations between West Germany (including Berlin(West)) and East Germany were put on a special legal foundation in 1949, 1951, and

7 This section draws on research I conducted at the Woodrow Wilson International Center for Scholars and at the National Archives in Washington, D.C., in 1986. Cf. Hanns-D. Jacobsen, *Security Implications of Inner-German Economic Relations*, Working Paper # 77 (Washington, D.C.: The Wilson Center, International Security Studies Program, August 27, 1986), mimeo.

1960.[8] Almost from its beginning there had been concern, particularly in the United States, that inner-German trade might be a channel of important goods, thus stabilizing a Soviet satellite state economically and constituting a source for strategically relevant goods which end up in the Soviet military.

Trade between the two Germanys (inner-zonal trade, as it was called then) presented a special and peculiar problem because both sides claimed to be for the reunification of Germany. However, the imposition of export controls and the conduct of economic warfare against the Communist countries contributed in effect to a further separation of both German states and their inclusion into the antagonistic systems in West and East.

As early as spring 1949, when the Berlin blockade was still in effect, a U.S. Senate commission started an extensive two-month investigation in Europe concerning export controls on shipments of articles of strategic importance to the East. This report concluded that particularly the controls in the American and British zones (Bizonia) had been so poorly administered that “the whole plan of preventing the shipment of such articles (of strategic importance) behind the Iron Curtain may collapse.”[9] This investigation led to a variety of regulations with special attention to the areas which shortly afterwards became the Federal Republic of Germany. A “Tripartite Export Controls Committee” and a “Tripartite Customs Group,” both consisting of the United States, Great Britain and France, issued directives to the West German government. These institutions started their work at the end of 1949, approximately at the same time when CoCom started functioning, and continued to supervise trade with the East for several years.

These regulations, however, did not apply to inner-zonal trade until May 10, 1950, when the administration of the export controls was handed over to the West German government. But even then West Germany was not to apply the general CoCom list of controlled items but rather the more restrictive American positive list which had already been used before. Until then, practically any good could be traded between East and West Germany. Therefore, it is true that during the early period there existed a major loophole in the West’s export control system which, in effect, all other communist countries were able to exploit.

But even thereafter the reality of West German controls contrasted considerably with the regulations themselves. A subsequent comprehensive report of the “Committee on Interstate and Foreign Commerce” of the U.S. Senate from April 1951 came to the conclusion that “West Germany was [still] a source and a channel for the shipment of goods of strategic

8 Cf. K. Holbik and H. Myers, *Postwar Trade in Divided Germany. The Internal and International Issues* (Baltimore: The John Hopkins Press, 1964); Siegfried Kupper, *Der innerdeutsche Handel. Rechtliche Grundlagen, politische und wirtschaftliche Bedeutung* (Köln: Markus Verlag, 1972).

9 Cf. Staff Report to the Joint Committee on Foreign Economic Cooperation concerning Export Controls on Shipments of Articles of Strategic Importance and the Functioning of ECA (Economic Cooperation Administration) Personnel in Connection Therewith (Golding Report). In: *Congressional Record*, Vol. 96, June 14, 1950, pp. 8578-8582 (here p. 8580).

significance to the Soviet bloc."[10] Although adequate laws and regulations had been put in place, there were "practically no effective prosecutions, administrative sanctions, or other enforcement activities."[11]

These shortcomings received so much attention in Washington that the U.S. High Commissioner for Germany, John J. McCloy, appeared before the Senate to testify on June 14, 1951. With regard to inner-zonal trade he explained the measures that had been already taken to curb the transfer of strategic materials. At the same time he posed the basic question why the Germans "shouldn't trade with the Soviet zone of Germany with which there had been the most intimate commercial contact before the war."[12]

Eventually, U.S. pressure proved successful: McCloy pointed out that West Germany's trade with the East in general, and with East Germany in particular, had already been decreasing substantially. The threat of cutting Marshall Plan assistance and of being put on a black list effectively persuaded German firms to adhere to the export control system. Taken together, these initiatives to stop the export of strategic goods to the East had the desired effect. Laurie Battle, the author of the Mutual Defense Control Act of 1951, which in effect led to the near-elimination of East-West trade for some time, went to Europe in the fall of 1952 to conduct an investigation on his own about the success of the legislation he had initiated. While complaining about certain shortcomings, he nonetheless appeared generally quite satisfied with the measures undertaken to date. With respect to both the responsibilities for the controls and the enforcement of the regulations, he noted that "the situation in Western Germany is well in hand."[13] With respect to Berlin, he pointed out, it "must be regarded as a leak to the Soviet Bloc . . . but it does not provide an easy pathway for strategic shipments to penetrate the iron curtain. There is a comprehensive and efficient control procedure which prevents and discourages such shipments."[14]

2. Adjustments during the 50's and early 60's[15]

In 1954 and 1958, only a few years after its creation, the control efforts of CoCom were loosened. The main reasons included Stalin's death in 1953 which was followed by a thaw in

10 *Export Controls and Policies in East-West Trade*. Report of the Committee on Interstate and Foreign Commerce, U.S. Senate, 12 October 1951 (Washington, D.C.: Government Printing Office, 1951), p. 3.

11 *Ibid*., p. 20.

12 Testimony of John J. McCloy, U.S. Commissioner for Germany, in: *Export Control and Policies*. Hearing before the Subcommittee on Export Cpntrols and policies of the Committee on Interstate and Foreign Commerce, U.S. Senate, 82nd Congress, 1st Session (Washington, D.C.: GPO, 1951), p. 103.

13 *Progress in the Control of Strategic Exports to the Soviet Bloc*. Report by Hon. Laurie Battle, January 29, 1953 (Washington, D.C.: GPO, 1953), p.15.

14 *Ibid*., p. 27.

15 A chronology of key events can be found in Gary C. Hufbauer/Jeffrey J. Schott/Kimberly A. Elliott, *Economic Sanctions Reconsidered. History and Current Policy*, 2nd ed. (Washington, D.C.: Institute for International Economics, 1990), pp. 125-139.

the Soviet Union, the ceasefire in Korea, and finally the realization of the fact that a total embargo was inappropriate to force the Communist countries to adopt political changes. Moreover, “Marshall-Plan” aid to Western Europe came to an end in 1953, reducing American leverage. The post-Korean War recession called for the development of additional markets; increased exports to the Central and Eastern European markets were considered to be a way out. All these developments led to increasing pressure to reduce export controls and allow for an increased economic exchange between the West and the East.

Particularly in Germany the resistance against too rigid an export control system such as CoCom grew.[16] In 1958, three years after the start of diplomatic relations, a first trade agreement was concluded between the Soviet Union and the Federal Republic of Germany. Already in 1952 German industry had set up a lobby institution, the Committee on Eastern European Economic Relations (“Ostausschuß der Deutschen Wirtschaft”) that united leading associations representing West Germany’s business in their efforts to expand East-West trade. In fact, the 1958 CoCom lists reduction went to a point that only goods of “strategic” relevance remained, whereas all “ordinary” products the effects of which would ‘only’ be a reduction of Soviet economic growth were removed. Thus, the initial list that contained three separate lists (I: embargo list; II: quantitative controls list; III: surveillance list) was altered in 1958. The embargo list remained and the two others were replaced by a “watch list.” To be sure, the United States also slimmed its national lists but not as far-reaching as the allies.[17]

A telling example of how far the conflict between the U.S. and the West Europeans, particularly the West Germans, went was the pipe embargo of 1962/63.[18] As a result of ambitious economic development plans the Soviet Union was in need of special pipelines with a technology, at which German companies excelled. Negotiations between those German companies and Soviet counterparts took place when at the same time NATO, under pressure of the U.S. State Department, adopted, in November 1962, a resolution suggesting that the

16 This time period has well been documented and analysed. Cf. Angela Stent, *From Embargo to Ostpolitik. The Political Economy of West German-Soviet Relations, 1955-1980* (Cambridge, London etc.: Cambridge University Press, 1981); Michael Kreile, *Osthandel und Ostpolitik* (Baden-Baden: Nomos Verlagsgesellschaft, 1978); Claudia Wörmann, *Der Osthandel der Bundesrepublik Deutschland. Politische Rahmenbedingungen und ökonomische Bedeutung* (Frankfurt am Main/New York: Campus Verlag, 1982).

17 The post-1958 CoCom list consisted of an International Munitions List (IML), an International Atomic Energy List (IAEL), and an International Industrial List (commonly referred to as the Industrial List, or IL) aiming at the restriction from export to the East for reasons of national security. The three lists were reviewed completely on a four-year cycle, but the Industrial List was given primary attention. CoCom itself had no independent methodology for constructing the lists of items to be controlled, because the lists were based on national submissions of items for control or decontrol. In 1978, however, CoCom did identify criteria for "strategic" items as guidance for national systems. These strategic criteria included (1) materials, equipment, and technology specifically designed for and used in national military systems; (2) unique technology that, if acquired, would be of significant assistance to an adversary's military capability; and (3) materials, equipment, and technology regarding which proscribed countries were so deficient that, in the event of war, the gap could not be closed within a reasonable period of time. The IML contained items meeting the first criterion; the IAEL and IL consisted of dual use items meeting the second and third criteria.

18 The most detailed account can be found in Angela Stent, ibid., chapter 5, pp. 93-126.

delivery of large-diameter pipes should be stopped and new contracts prevented.[19] It was claimed that the oil pipeline (named "Friendship") would improve the USSR's military position in Eastern Europe. The Germans rejected this view and raised the suspicion that the State Department might have reacted to pressures coming from U.S. oil companies that by using the pipeline the Soviets would be able to supply affordable oil to West Germany and beyond. This suspicion has never been officially confirmed but the U.S. activities in NATO were successful in forcing the West German government to comply by breaking the pipe contracts with the Soviet Union. As a result the construction of the pipeline was delayed by about one year. But the main fallout of the pipe embargo was increasing mistrust, not just between government and industry in Germany or between the German and the Soviet government.

The international repercussions of the embargo were considerable, particularly after the British made clear that they considered the NATO resolution of November 1962 a non-binding recommendation and the Italian government stated that they stick to the principle of "pacta sunt servanda". As a result, companies from Great Britain, Italy and (non-NATO) Japan stepped in and provided the pipes. This again evoked great bitterness on the part of the West Germans and demonstrated for the first time the major difficulties that confronted the alliance in establishing a united policy on sanctions and export controls. Moreover, it became obvious that the United States and Western Europe differed in their interpretations of political objectives and individual economic interests. The pipeline incident increased West German resolve to resist future U.S. demands, contributing to mistrust and an erosion of U.S. strength in NATO as well to a politicization of strategic respectively militarily relevant issues.

3. Détente and the Decline of CoCom's Relevance

The West Europeans and particularly the West Germans have always been more reluctant to accept comprehensive export controls than the United States because they considered trade with Eastern countries to be a stabilizing element which should be restricted only for purely military reasons. Since the beginning of *Ostpolitik* in the late sixties, the general pattern of the FRG's economic and political behavior vis-à-vis the Eastern countries had been to engage them in a network of international relations designed to create mutual responsibilities. According to this strategy, expanded economic relations should help to reduce aggression potential, thereby strengthening moderate forces in these countries and facilitating reforms in the economy and society. Thus, the Federal Republic attempted to continually ameliorate the affects of German division and to secure the status of Berlin by reaching a *modus vivendi* with its Eastern neighbors, particularly East Germany. From this perspective, the distinction between foreign policy and security-related export controls became increasingly important.

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19 The U.S. chose NATO, not CoCom, to stop the pipe delivery to the Soviet Union. Adler-Karlsson (Western Economic Warfare, ibid., p. 131) has pointed out that the British were strictly opposed against an embargo of pipes in the CoCom framework. CoCom required unanimous agreement by the member countries.

In the early 1970s the Nixon administration sought to expand East-West trade and emphasized a “linkage” concept by which it would become possible to make the extent of economic relations with the Soviet Union dependent on its conduct in other parts of the world. A principal motive in encouraging trade with the Eastern bloc was to increase the potential for future Western leverage in the form of a threatened or actual cutoff of that trade by the West to further Western political objectives. This policy could entangle the Soviet Union and its allies in a far-reaching web of relations which it would be unable to detach itself without considerable economic loss. Thus, the difficulties which had arisen with the West Europeans in previous years diminished. In fact, the Nixon-Kissinger policies moved the U.S. closer to the West Europeans.

Soviet restrictions on Jewish emigration and Soviet activities in areas such as Angola and the Horn of Africa turned U.S. public opinion against détente. These developments led to different lines of reasoning in the U.S. and in Western Europe. While the United States attempted to limit its economic relations with the East, the West Europeans, especially the West Germans, strove to protect the fruits of détente. When the Soviet Union invaded Afghanistan in December 1979, the differences arose again. The deterioration of détente led to increasing intra-alliance controversies of the political implications of East-West trade and technology transfer in the early 1980s.

Differences came to a head after President Reagan took office in 1981.[20] The new administration was deeply concerned about the economic and military gains the Eastern countries had been able to obtain through technology transfer which had contributed to a relative reduction of Western security and cost the West billions of dollars. The most publicized U.S. action was directed, once more, against another pipeline. In this instance, it was the Urengoi natural gas pipeline deal of several West European countries with the Soviet Union. When, at the end of 1981, the Polish government decreed martial law President Reagan imposed economic sanctions that forbade U.S. firms from exporting parts for the construction of the pipeline. The U.S., in its attempts to prevent pipeline construction, placed itself in clear opposition to West Europeans governments, in particular the West German. This time, Bonn said “no” to the demands from the other side of the Atlantic and proceeded with the delivery of pipeline parts.[21]

The noncompliance of West European countries with the American sanctions in 1982 caused severe conflict within the alliance. The U.S. administration could finally not help but acknowledge that the developing conflict between the United States and Western Europe was becoming so intense that it could seriously damage the alliance. Efforts were made to

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20 For a more detailed account cf. Hanns-D. Jacobsen, “U.S. Policy in CoCom,” in Helga Haftendorn/Jakob Schissler (eds.), *The Reagan Administration – A Reconstruction of American Strength?* (Berlin and New York: Walter de Gruyter, 1988), pp. 251-263.

21 For a more extensive account of the events, cf. Hanns-D. Jacobsen: *Die Ost-West-Wirtschaftsbeziehungen. . .*, ibid., pp. 233-260.

find a settlement. After a series of hectic meetings in late 1982, President Reagan lifted all sanctions directed against the Urengoi pipeline signaling the fact that the U.S. had suffered a major diplomatic defeat. The common review of the feasibility of sanctions and export controls following the showdown between the U.S. and Western Europe included the strategic controls conducted by CoCom. During the conflict it had become clear that a simple distinction between strategic and non-strategic goods and technologies was difficult to make and political considerations gained in importance.

To be sure, neither the United States nor the West Europeans ever maintained that goods or technologies with direct military significance should be exported to the Soviet Union or other communist countries. However, when the CoCom lists in which these products are described were established, it was apparent that it was not possible to agree upon exactly which products could significantly contribute to Soviet military potential. Accordingly, disagreement arose concerning proposals to revise those lists. This was particularly true with regard to “dual use” goods that could be used both civilian as well as militarily. The United States considered its West European allies suspiciously naïve and believed that alliance members interpreted the controls too loosely.[22] During the various high-level meetings during the early 1980s, the United States called for an updating of the list of security-sensitive technologies, for improved policy coordination efforts and enforcement measures domesticcally and internationally, and, finally, reinforcement of the CoCom machinery through structural improvements and greater financial contributions by the member countries.

For their part, the West Europeans believed that the Americans were too restrictive; after all, a number of controlled items were already produced by Eastern countries or available in Non-CoCom countries such as Sweden, Austria, South Africa, Singapore and the like by legal and/or illegal[23] means. They argued that, aside from narrow security considerations,

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22 The most prominent advocate for tightening controls was Richard N. Perle, then assistant secretary of defense for international security policy. He told the Technology Transfer Panel of the Committee on Armed Services, U.S. House of Representatives, on June 9, 1983, that "we are now in a situation, in which every new Soviet weapons system that we see is produced at least in part, and some cases in significant part, with the aid of modern technology, equipment, know-how, expertise, acquired in the West. Indeed, the Soviets have become almost arrogant in the ease with which they assert both their access to and the utility they make of Western technical solutions to their military problems . . . We in the West are facing a well-organized, orchestrated and dedicated effort by the Soviets to acquire our technology with the specific purpose of altering the balance of power in their favor."

23 Cf. the contributions to *Soviet Acquisition of Western Technology.* Hearings before the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, U.S. Senate, 97th Congr., 2nd Sess. (Washington, D.C.: GPO, 1982). A more anecdotal collection of cases is Linda Melvern/Nick Anning/ David Hebditch, *Techno-Bandits* (Boston: Houghton Mifflin Company, 1984). This study lists hundreds of cases of export control violations: “It is almost impossible to know the true extent of techno-banditry, and it is impossible to stop it altogether. This multimillion-dollar underground trade uses all the techniques of respectable business. The operators create dummy corporations in various countries, disguise their goods under false export declarations, move offices from country to country, and sometimes actually carry prohibited goods across national borders in their suitcases” (p. 2).

By the way, divided Germany and divided Berlin turned out to be favored routes for technology diversion (this was reportedly the conclusion of a non-published CIA report, titled “Transfer of Strategic Technology to the Soviet Union from West Germany.” Cf. J. Anderson, “High-Tech Leaks,” in *The Washington Post*, 27 January the basic aim should be the promotion and not the limitation of economic exchanges with Eastern countries. Nevertheless, the Western European countries were prepared to streamline the CoCom rules and to cover not only sensitive goods but also certain high technologies which were of military relevance. At the same time they made it clear that stricter rules could adversely affect their economic interests and limit their political leverage potential vis-à-vis the East. Whereas the United States advocated increased enforcement measures and a longer list, the West Germans called for “high fences around a small and clearly defined area”[24] (that is, a list as short as necessary and enforcement measures as strict as possible). The allies believed that each member country should be responsible for the enforcement of its own control regulations; the administrative efforts should be reduced (particularly with regard to the additional burden some companies had to accept); and the CoCom lists should be reduced at the lower level up to 50 per cent. Goods and technologies should be eliminated that did not represent the highest international standards and which were available on the world market in equivalent quantity and quality.

4. The End of CoCom

When the Wall came down in 1989, the revision and adjustment of the CoCom lists had not been finished. In fact, during the second half of the eighties when the CoCom controls of militarily relevant technology became less important on the one hand and on the other hand the competitive edge of U.S. industry crumbled and the problem of U.S. controls on West-West cooperation became increasingly important. As other advanced industrial countries succeeded in gaining technological competitiveness, the United States began to make efforts to reduce its dependence on high-tech imports and at the same time to launch major quasi industrial policy programs such as the “Very High Speed Integrated Circuit” (VHSIC)[25] program and the “Strategic Defense Initiative” (SDI)[26] that was to aim at the development of ground and space-based systems to protect the U.S. from attack by strategic nuclear ballistic missiles. These and other programs were set up by the Department of Defense (DoD) in order to regain or keep technological superiority in areas that were perceived to be vital and endangered.

1985, p. C7). Whether West German firms used them or not, there may have been at least possibilities for such firms to take advantage of the transit routes between West Germany and Berlin(West), which crossed East German territory, or of the transfer points in Berlin which were not subject to Western custom controls for people and private cars leaving Berlin(West). Thus, some leaks which Congressman Battle had been complaining about 35 years or so before were still existent (see above fn 12 and 13).

24 *”Hohe Zäune um einen kleinen und klar definierten Bereich“* – this was the formula the author was told by officials in 1984 when he conducted research on this subject at the West German Ministry of Economics in Bonn.

25 Cf. Michael Y. Yoshino/Glenn R. Fong, “The Very High Speed Integrated Curcuit Program : Lessons for Industrial Policy,” in: Bruce Scott/George C. Lodge (eds.), *U.S. Competitiveness in the World Economy* (Boston: Harvard Business School Press, 1985), pp. 176-184.

26 Cf. Edward Reiss, *The Strategic Defense Initiative* (Cambridge: Cambridge University Press, 1992).

The involvement of DoD, however, caused an increasing dependence of U.S. industry on defense contracts that again adversely affected the ability of U.S. companies to co-operate technologically with foreign partners. There were reports about scientific conferences closed to non-U.S. citizens, about limited access of scientists to certain research institutions, about additional security regulations for non-American companies or simply a refusal when they wanted U.S. advanced technology as well as reports that the access to technical data banks in the U.S. had been curbed. Most of these studies were quick to point out that the curbs were determined by purely security considerations. They did, however, have an economic impact and influenced the relative competitiveness of the countries concerned. Thus, the suspicion arose among allied countries that the U.S. would use its strategic export controls and its respective influence on CoCom for economic gains and to preserve its economic competitiveness. As a consequence, West European companies became increasingly cautious in using advanced technologies of U.S. origin and efforts in Europe to initiate technological programs of their own such as ESPRIT, an information technology program of the European Union, and EUREKA, a European research initiative with the goal of motivating cross-border co-operation between industry and research institutions in the area of technological research and development.

Another difficulty would have come up soon if the fall of the Wall and the subsequent changes would not have made the export control efforts vis-à-vis the Soviet Union and Central and Eastern Europe redundant. This observation relates to the European Community (later: European Union) that was about to create a single market between all its members without custom controls by the early 1990s. Since CoCom and its security export controls were not covered by the European Community, of which, e.g., non-NATO, non-COCOM Ireland was a member, some export controls within the EC would have been necessary because a simple shift of export controls to the outside borders of the EC should have taken into consideration the possibility of the diversion of militarily relevant high technology to the East. It does not need much fantasy to conceive the controversies and conflicts that would have occurred between the United States and an ever integrating European Union once the East-West conflict had continued.

But after the fall of the Wall, German unification, the changes in Central and Eastern Europe and finally the demise of the Soviet Union, there was no longer any need for this institution that had been created to conduct economic warfare in the beginning and to continue with economic containment against the Soviet Union and its allies. Over the years the role of CoCom shifted more and more from an outright Cold War instrument to an institution that could, at least from the perspective of the United States, not only be used to enforce a strategic embargo but also to control its NATO allies and other Western countries with regard to technological developments preserving U.S. lead.

5. Some Final Considerations on the "Success" of CoCom

In his standard analysis "*CoCom and the Politics of East-West Trade,*" Michael Mastanduno concludes that regarding four possible strategies applied against a potential military adversary –- economic warfare, strategic embargo, tactical linkage, and structural linkage – cooperation between the United States and Western Europe targeted at the Soviet Union and its allies had been sustained only in one, the strategic embargo.[27]

Concerning the strategic embargo, Mastanduno points out that CoCom helped in maintaining U.S. lead time and in preventing the Soviet Union from attaining technological parity in military systems. From this perspective "CoCom mattered."[28] There was evidence indicating that the U.S. lead over the Soviets in militarily significant technologies had widened, particularly in areas subject to tighter controls, such as computers, software, micro-electronic manufacturing and test equipment. The question, however, arises whether this lead was sufficient enough to reduce the threat, real or perceived, the Soviet Union and her allies posed to the West. After all, the Soviet military was developing technologies of its own and supplies from third and even CoCom countries were available.

Time and again the United States undertook continuing efforts under a "Third Country Cooperation initiative" to convince third, non-CoCom, countries such as Austria, Switzerland, Sweden, South Africa, etc. to cooperate with CoCom export control policies by preventing re-exports of CoCom-controlled items. This effort was only partly successful. As was pointed out by a 1991 study of the U.S. Academy of Sciences[29] there were many reasons for this, among the most important of which have been that (1) the bureaucratic machinery of many third-country governments has been technically ill-prepared and insufficiently financed to undertake adequate enforcement, (2) there has been a notable absence in these countries of monetarily significant penalties for violation, (3) many of these countries have been nonaligned and some have not shared the threat perceptions of the U.S. and other CoCom countries, and (4) illegal re-export trade can be highly lucrative. Thus, despite continuing efforts by the United States, other countries have tolerated, if not actively supported, the diversion of critical technology.

An infamous example that even involved CoCom member countries is the so-called Toshiba-Kongsberg case. In 1983/4, the Soviet Union managed to acquire several high-precision milling machines from Japan's Toshiba Machine Company. Kongsberg Vaapenfabrikk from Norway supplied the critical numerical controls for the Toshiba machines and developed sophisticated software. These machines were used by the Soviets to manufacture advanced,

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27 Mastanduno, *ibid*., pp. 311-325.

28 *Ibid*., p. 326.

29 Panel on the Future Design and Implementation of U.S. National Security Export Controls, *Finding Common Ground – U.S. Export Controls in a Changed Global Environment* (Washington, D.C.: National Academy Press, 1991), pp. 266-307.

low-noise naval propellers. The deployment of these propellers substantially decreased the ability of the United States to detect and track Soviet submarines and surface combatants. Although, as a reaction, both countries, Japan and Norway, tightened their export controls regulations, other channels of illegal trade and trade diversion remained. Inner-German trade and divided Berlin have already been mentioned.

Mastanduno ascribes the failure in applying economic warfare and effective linkage policies to inadequate U.S. leadership in the Western alliance. He does not indicate, however, what adequate leadership should, or could, have meant. A change in strategy? Or the application of even more pressure on the allies to have them agree to and join the policies of successive American administrations? In these cases not just pure security and military considerations were involved but political ones as well.

This became particularly clear when, in 1985, Gorbachev introduced his "glasnost" and "perestroika" policies favoring an opening of the Soviet Union and supporting economic reform and complaining about the "infamous CoCom list"[30] that, ironically, made it increasingly difficult to proceed with his economic reform-oriented changes. With regard to linkage policies, i.e. the application of economic diplomacy, the Gorbachev challenge created, once again, a rift between the U.S. administration and West European governments, particularly the West German one.

Obviously, the West German government recognized the economic and technological challenges facing Eastern Europe and the Soviet Union and seemed prepared to utilize its economic strength to support economic reform there. From the West German standpoint "perestrojka" in the economy and "new thinking" in foreign policy were intricately interwoven. The restructuring of the economy called for more efficiency by conducting a cost-oriented price reform and some type of decentralization, and even accepted a greater integration into the world economy. The realization of foreign policy goals which aimed at a relaxation of international tensions through the reduction of nuclear and conventional forces, through the infusion of defensive elements into military doctrines, and through the creation of an international framework of military, political and economic security could certainly reduce the burden created by the defense sector, which ate up large parts of the USSR's national product. From a West German perspective this appeared to be an ideal opportunity to offer such carrots as business opportunities and the removal of economic discrimination - through provision of commercial credits and the reduction of export controls - to further the reform process which, in turn, could reduce the military threat.

30 Michail Gorbatschow: *Erinnerungen* (Berlin: Siedler, 1995), pp. 626 (in German). The then Soviet Foreign Minister Eduard Shevardnadze admitted in 1988 that the "damned" CoCom list contributed to a reduction of the East-West-trade potential and slowed down economic changes. Cf. *Frankfurter Allgemeine Zeitung*, 19 January 1988.

It was only the fall of the Wall in 1989 and finally the demise of the Soviet Union that assured the U.S. government to give up the controls.

The final verdict on whether the CoCom controls have been "successful" or not is still out. Further analyses have to be done and the archives surely contain surprises. But it may be fair to already conclude that these controls had a severe impact, albeit not always in the direction the initiators had intended:

- The CoCom members, particularly the United States, were successful in keeping a lead over the Soviet bloc in critical technologies. But the CoCom controls were ultimately not able to reduce the military threat by the communist countries.
- CoCom controls proved to be a liability, even an obstacle, when East-West relations improved ("détente", "perestroika").
- CoCom contributed to economic and political isolation of the Soviet Union as well as Central and Eastern Europe. This isolation gave the Soviet Union much room for tightening the grip on its allies.
- CoCom induced the Soviet Union and its allies to develop sophisticated military technology of their own. Thus, CoCom strengthened intra-bloc cooperation, cohesion, and solidarity.
- Some CoCom member countries and third non-CoCom countries provided ways and means for the Soviet Union and its allies to get access to strategic technology illegally and by means of diversion.
- Export, including CoCom, controls vis-à-vis the communist countries as well as the extraterritorial application of U.S. law were subject to several conflicts between the United States and her allies, contributing to a weakening of NATO and transatlantic cooperation.
- The insistence of the U.S. on tightening strategic and CoCom controls had an impact that was perceived by some West European and Japanese actors as an activity that primarily intended to secure global U.S. lead in high technology.
- U.S. insistence on tight security controls induced Western European countries and Japan to initiate huge high-tech programs of their own contributing to the rise of non-U.S. technology and finally a loss of U.S. international competitiveness.

Thus, the results are mixed. The CoCom controls of the Cold War seem to be another proof for the widespread wisdom that actions of any kind may have not only intended consequences. The initiators and advocates of the military export controls were not always aware of the strategic, political and economic implications of their actions – or they did not care.