

UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

June 4, 1987

Dear Allan:

Thank you for your letter of May 29 concerning the export of Alaskan natural gas.

Three and a half years ago, President Reagan and Prime Minister Nakasone commissioned a prefeasibility study to investigate the opportunities for the joint development and export to Japan of Alaskan North Slope natural gas. It is natural for the President to note the completion of this study. In view of the concerns expressed in your letter, Deputy Assistant Secretary Alan Larson provided to Len Legault a draft text of a possible Presidential statement marking this event. I believe the draft statement is sensitive to your concerns.

We appreciate the long history of cooperation between our two governments for the successful completion of the Alaskan Natural Gas Transportation System on a commercial basis. Consistent with the Administration's commitment to a competitive market and to the elimination of obstacles to free trade, we continue to support removal of barriers to private sector development of Alaska's vast natural resources. It has always been our view that energy development should proceed if the market determines such investment would be economically feasible.

No decision has been made on the question of a Presidential finding to permit exports of Alaskan North Slope natural gas. The proposed Presidential statement would remand the issue of North Slope gas development to Secretary Herrington and the Economic Policy Council for policy recommendation. Should you wish, we would be prepared to meet with officials of your government to discuss this matter further. I look forward to your suggestions.

Sincerely,



Allen Wallis

His Excellency
Allan E. Gotlieb,
Ambassador of Canada.