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35

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
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131719	MEMO	ROBERT MCFARLANE TO THE PRESIDENT RE: STRATEGY PAPER FOR LONDON SUMMIT	2	11/21/1983	B1
131720	CABLE	101730Z FEB 84 (W/ HANDWRITTEN ANNOTATIONS)	1	2/10/1984	B1
131721	CABLE	101900Z FEB 84 (INCLUDES HANDWRITTEN NOTES ON REVERSE OF FINAL PAGE)	10	2/10/1984	B1

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*Lodge
Summit*

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DELEGATION OF THE COMMISSION OF THE EUROPEAN COMMUNITIES

The Head of the Delegation

January 24, 1984

The Honorable
Roger Robinson
Senior Director
for International and Economic Affairs
National Security Council
Washington, D.C. 20506

for Mr Robinson

I thought you might like to have the attached copy of a note on certain developments in the wine sector and their implications for the EC-US trading relationship which my French colleague and I handed Allen Wallis of State this afternoon.

Sincerely

Roy Denman

Roy Denman

Enc.

US-EC TRADE IN WINE

Memorandum by the
Commission of the European Communities

This note sets out and comments briefly on certain developments in the wine sector - the Wine Equity Bill, talk of retaliation on EC wines, and impending countervailing and anti-dumping suits against EC wines - which could severely damage the trading relationship between the United States and the European Community.

2. It does so against the background of a trading relationship across the Atlantic already under considerable strain. The filing of an escape clause petition under Section 201 of the 1975 Trade Act by a major U.S. steel producer is in conflict with and must put into severe jeopardy the Steel Arrangement concluded in 1982. And in the context of the Commission's recent proposals for changes in the Common Agricultural Policy proposals to review certain imports have led to talk of immediate retaliation on a major scale contrary to the international trading rules. All this could easily lead to a major escalation of retaliatory trade restrictions on both sides of the Atlantic. This would not only put in danger the one world trading system on which the prosperity of the West has been based for nearly forty years but would be bound to have dangerous consequences for the political relationship across the Atlantic.

3. These dangers of trade restrictions are bound to cause the European Community considerable concern. Three prospective developments of this kind currently relate to the wine sector.

4. The Wine Equity Bill recently introduced in Congress. This Bill threatens the access of foreign wines to the U.S. market in the guise of seeking strict reciprocity on a product by product basis. But bilateral reciprocity sector by sector is in conflict with the international trading rules (the GATT) and the whole thrust of the post-war liberalisation of trade. This has been based on the concept of an overall balance of advantage. To try to establish strict reciprocity in one sector would rapidly spread to a general sector by sector approach and would radically reduce the relatively free access enjoyed by traders to the markets of the major developed countries. This would pose a severe threat in particular for American exports of goods where American tariffs or non tariff barriers are substantially higher than in many other countries.

5. The Commission proposal in the context of changes suggested in the Common Agricultural Policy that discussions should be entered into with the United States under Article XXVIII of the GATT with a view to seeking stabilisation of imports of corn gluten feed and other grain substitutes - against appropriate compensation - has led to talk of immediate retaliation by the United States against Community exports of wine. In 1982 United States imports of wine from the EC were valued at \$668 million; this is the largest single EC agricultural product exported to the U.S. and helps to redress the EC trade deficit in agriculture with the U.S. which amounted to some \$6 billion in 1982. Immediate retaliation if the discussion were proposed would be contrary to the GATT. The GATT provides for discussion under Article XXVIII of any proposed changes in concessions previously negotiated (imports of corn gluten feed are at present bound at a zero tariff) providing suitable compensation can be agreed.

Thus the first step is discussion, a careful examination of the extent of the compensation which would be justified and a search for agreed compensation just as took place last summer when the United States Administration imposed restrictions on imports of specialty steel. Not to engage in this process and to retaliate immediately would be a major breach of the GATT rules, would be contrary to the assurances given during the Senate hearings by representatives of the U.S. Administration and would lead to immediate pressure in the Community for counter retaliation on a major scale - possibly in the agricultural sector.

6. News that a countervailing duty and anti-dumping application against Community wine exports to the United States is under preparation by American grape growers. In our view the problems faced by the U.S. wine industry do not result from the Community's internal wine policy. Wine produced in the Community does not benefit from any export subsidies to the U.S. The goal of the Community wine policy is:

- (a) to reduce the volume of production through the uprooting of vineyards producing low quality wine;
- (b) to improve the quality of wine;
- (c) to avoid the collapse of prices when crops are too large through distillation and private storage schemes.

7. The Community programmes for wines are similar to programmes maintained by the U.S. to support agricultural prices by withdrawing products from the market. These programmes are not aimed at export promotion; they aim at preventing a fall in market prices. EC programmes to improve the quality of wine are also similar to U.S.D.A. programmes, are not specific to wine and, furthermore, involve very small sums.

8. As a result during the past ten years the acreage planted to vines decreased by about 8 percent in the Community (compared with an increase of 10 percent in California). Mr. Hathaway, Deputy General Counsel in the Office of the U.S. Trade Representative, clearly stated on November 15 at a hearing of the Subcommittee on Trade of the Ways and Means Committee that the current problems of the U.S. wine industry result from the recent U.S. economic recession and the increase in the value of the dollar since 1981 vis-a-vis the currencies of the major wine producing nations.

9. Even then in 1983 despite an exchange rate favouring imports into the U.S. wine imports from the EC were expected to increase by only 5 percent. On the other hand U.S. production of grapes in 1982 reached a record high, contributing to large U.S. wine inventories and the current marketing problems of the grape and wine industry.

10. One further point needs to be made. In 1973 shortly after the Community had put in place common rules for wine, technical discussions began at the request of the U.S. Government with the Commission in an attempt to harmonise EC and U.S. regulations. These discussions led to progressive changes on both sides of the Atlantic and culminated in an agreement signed in July 1983. And the EC Commission has been studying the possibility of abolishing the compensatory tax currently levied on U.S. wines exported to the Community. According to the Honorable John Walker, Assistant Secretary to the Treasury, "talks between the U.S. and the Community have enabled U.S. wine exports to expand from a few thousand gallons to more than 2 million gallons annually These bilateral commitments will ensure future market opportunities for the U.S. and offer significant opportunities for trade expansion". Clearly the developments set out above will not only represent dangers to

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the general trading relationship between the Community and the United States, they also pose a specific threat to the rising volume of wine exported by U.S. wine growers to the Community.

11. The Commission hopes that the United States Administration will give careful consideration to the points in this memorandum.

Washington, D.C.

24 January, 1984

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131706 MEMO

2 1/27/1984 B1

~~DO~~UGLAS MCMINN TO ROBERT MCFARLANE
RE: SUMMIT WHITE HOUSE GROUP METING

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I

INTRODUCTORY REMARKS

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- MR. PRESIDENT, WE ASKED FOR THIS MEETING WITH YOU TO REPORT ON POLICY PREPARATIONS FOR THE LONDON ECONOMIC SUMMIT.
- THE SUMMIT IS HOSTED THIS YEAR BY PRIME MINISTER THATCHER AND WILL BE HELD IN LONDON, JUNE 7-9.
- MIKE DEAVER AND I CO-CHAIR A SUMMIT WHITE HOUSE GROUP THAT IS RESPONSIBLE FOR MATTERS RELATING TO THE SUMMIT.
- ALLEN WALLIS IS AGAIN SERVING AS YOUR PERSONAL REPRESENTATIVE FOR THE PREPARATION OF POLICY ASPECTS OF THE SUMMIT MEETING.
- OUR PROPOSED AGENDA FOR TODAY IS A FULL ONE.
- WE WILL BEGIN WITH A BRIEF OVERVIEW OF OUR SUMMIT STRATEGY AND THE STATUS OF POLICY PREPARATIONS.
- WE THEN PROPOSE TO DISCUSS SOME OF THE KEY ELEMENTS OF OUR SUMMIT STRATEGY IN MORE DETAIL, INCLUDING TRADE AND MONETARY ISSUES.
- IN THIS CONNECTION, WE WOULD ALSO RAISE, FOR YOUR CONSIDERATION, "TERRORISM" AND THE MANNED SPACE STATION AS POSSIBLE SUMMIT ITEMS.
- BEFORE I TURN TO ALLEN TO BEGIN TODAY'S SESSION, MIKE (DEAVER), WOULD YOU LIKE TO ADD ANYTHING AT THIS POINT?
- (AFTER MIKE DEAVER'S REMARKS, IF ANY, TURN TO ALLEN WALLIS TO LEAD THE DISCUSSIONS.)

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II

CLOSING REMARKS

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- ~~BEFORE CLOSING~~, MR. PRESIDENT, THERE ARE TWO MATTERS WHICH WE BELIEVE WORTHY OF YOUR CONSIDERATION AS POSSIBLE SUMMIT INITIATIVES.
- THE FIRST IS AIMED AT IMPROVING INTERNATIONAL COOPERATION ON COMBATING TERRORISM.
- OUR GOAL, VERY SIMPLY, WOULD BE TO REACH AGREEMENT AMONG SUMMIT COUNTRIES FOR CONCRETE ACTION AGAINST THE INCREASING TERRORIST THREAT TO OUR DEMOCRATIC INSTITUTIONS.
- OVER THE NEXT FEW MONTHS, WE WOULD WORK WITH OUR SUMMIT PARTNERS ON SUBSTANTIVE AREAS WHERE IMPROVED INTERNATIONAL COOPERATION COULD HELP US FIGHT TERRORIST ACTIVITIES.
- IF WE ARE SUCCESSFUL, WE COULD ANNOUNCE SUBSTANTIVE STEPS AT LONDON IN JUNE.
- ANOTHER AREA THAT WE BELIEVE HAS GREAT POTENTIAL IS THE MANNED SPACE STATION PROGRAM.
- IN YOUR STATE OF THE UNION ADDRESS, MR. PRESIDENT, YOU INVITED OUR FRIENDS AND ALLIES TO PARTICIPATE IN THE U.S. SPACE STATION PROGRAM. YOU ASKED THEM TO HELP US MEET OUR AMBITIOUS GOALS AND SHARE THE BENEFITS OF THIS PROGRAM.
- FOREIGN PARTICIPATION COULD RANGE FROM USE OF THE COMPLETED SPACE STATION FACILITY ALL THE WAY TO COOPERATION IN ITS DEVELOPMENT.

-- ALREADY, EUROPE, CANADA AND JAPAN HAVE BEEN STUDYING THE SPACE STATION CONCEPT AND HAVE INDICATED STRONG INTEREST.

-- JIM BEGGS, NASA'S ADMINISTRATOR, WILL VISIT MAJOR CAPITALS AROUND THE WORLD IN ORDER TO EXPLAIN HIS SPACE STATION INITIATIVE AND TO ASSESS THE EXTENT OF POTENTIAL FOREIGN PARTICIPATION.

-- THE U.S. SPACE PROGRAM CAN BE AN IMPORTANT INSTRUMENT OF FOREIGN POLICY. USE OF THE LONDON SUMMIT TO CEMENT PRINCIPLES FOR INTERNATIONAL COOPERATION ON THE SPACE STATION WILL ALSO HAVE A HIGHLY VISIBLE, POSITIVE IMPACT DOMESTICALLY.

-- TO SUM UP, MR. PRESIDENT, WE BELIEVE THAT INITIATIVES AT LONDON IN COMBATING TERRORISM AND ON THE MANNED SPACE STATION PROGRAM ARE WELL WORTH PURSUING WITH OUR SUMMIT PARTNERS.

-- THANK YOU, MR. PRESIDENT. WE APPRECIATE YOUR TIME TODAY.

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131707 OUTLINE

3 1/30/1984 B1

RE: MEETING ON PREPARATIONS FOR LONDON
ECONOMIC SUMMIT

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LIST OF PARTICIPANTS

The Vice President

George P. Shultz, Secretary of State

Donald T. Regan, Secretary of the Treasury

Edwin Meese, Counsellor to the President

William Brock, United States Trade Representative

James A. Baker, Chief of Staff and Assistant to the President

Michael K. Deaver, Deputy Chief of Staff and Assistant to the President

Robert C. McFarlane, Assistant to the President for National Security Affairs

Richard G. Darman, Assistant to the President and Deputy to the Chief of Staff

Craig L. Fuller, Assistant to the President for Cabinet Affairs

Michael A. McManus, Assistant to the President and Deputy to the Deputy Chief of Staff

Robert M. Kimmitt, Special Assistant to the President for National Security Affairs and Executive Secretary, National Security Council

Allen Wallis, Under Secretary of State for Economic Affairs

Beryl Sprinkel, Under Secretary of Treasury for Monetary Affairs

William Henkel, Special Assistant to the President and Director of Presidential Advance

Douglas W. McMinn, Staff Member, National Security Council

Robert Morris, Deputy to the Under Secretary of State for Economic Affairs

Protectionist Pressures in the 1984 Congressional Session

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Introduction:

There has been much attention paid to the varied and growing protectionist pressures in Congress today in the media and among members of the trade community. Ironically, these pressures to close U.S. markets and restrict imports appear to be building at a time when many domestic economic signs are positive. The recovery has taken hold, the U.S. automobile industry is beginning to prosper and expand again, consumer confidence is up, and unemployment is dropping steadily.

Yet, as we enter the second session of the 98th Congress, more and more protectionist legislation is being prepared and introduced. The reasons for this are several:

- 1) There is an increased awareness in the Congress of the importance of trade to the U.S. economy. We have become more dependent in the past few years on foreign markets. More American jobs are tied to exports than ever before.
- 2) The increasing trade deficit has caused many to question U.S. competitiveness and the adequacy of U.S. import relief laws.

In short, the United States has experienced a chronic merchandise trade deficit since 1976 and the shortfall increased sharply in 1983 to about \$70 billion. The current account moved into deficit in 1982 and also deteriorated rapidly in 1983 to a negative level of about \$40 billion. These developments have had a significant impact on the domestic economy and will directly influence the economic during 1984.

- 3) Unemployment is disproportionately high in certain industries. Most notably is the steel sector, where production is running at only 65% of capacity.

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- 4) Perhaps most important, is the perception that the rest of the world is not practicing free and fair trade to the same degree as the United States. It is this sense of equity and fairness, characteristically strong among the American people, that has been one of the primary causes of the growing protectionist pressure in the Congress.

In large measure, the protectionist pressures and proposals currently in Congress are a reaction to this perception of inequity. The American public is growing more sophisticated and knowledgeable about foreign trade practices and it is calling upon Congress to do something, to act, even if we might hurt ourselves in the process.

A good example of this sentiment is the House passage of the Domestic Content Auto bill. Most Members of Congress stated that the bill was "bad legislation", would not solve the problem, could not work; yet, a majority cast votes in favor of the bill nonetheless.

Specific Congressional Issues by sector follow.

Stainless Steel Flatware:

A Section 201 petition (request for import relief) was filed with the United States International Trade Commission (ITC) on December 13, 1983. Their review and assessment of Section 201 cases usually takes five to six months. This implies ITC's recommendations will be transmitted to the President mid-May or June. If the ITC finds affirmative injury, the President's decision will be due mid-July or August.

The U.S. exported \$5.3 million of flatware in 1982. Major countries of export were Canada (\$668,000), Australia (\$474,000), Venezuela (\$396,000), Saudi Arabia (\$282,000) and Greece (\$272,000). Imports during 1982 totaled \$32 million; major suppliers were Japan (\$15 million), Korea (\$10 million), Taiwan (\$4 million), China (\$1 million) and FRG (\$600,000).

States Most Affected: New York, Massachusetts, Connecticut, Rhode Island and New Jersey.

The industry received earlier adjustment assistance under Section 201 on April 30, 1976, but was unsuccessful in obtaining relief on a petition subsequently filed on December 8, 1977.

Footwear

A Section 201 petition was filed January 23. The ITC's report should be completed mid-June or July. The President's decision, then, would be required mid-August or September.

The U.S. exported \$166 million of footwear in 1982. Principal markets were Japan (\$18 million), Canada (\$15 million), Italy (\$9 million), France (\$8 million), Mexico and Saudi Arabia (both \$5 million).

Imports during 1982 totaled \$3.4 billion. Major suppliers were Taiwan (\$921 million), Korea (\$744 million), Italy (\$619 million), Brazil (\$350 million), and Spain (\$234 million).

States Most Affected: Three-fourths of U.S. nonrubber footwear is produced in 11 states: Maine, Missouri, Pennsylvania, New York, Massachusetts, Tennessee, New Hampshire, Arkansas, Ohio, Texas, and New Jersey. There are roughly 80,000 people employed in the industry. The Footwear Caucus, an informal Congressional group which monitors activity affecting the footwear industry, has sizeable membership in both the Senate and House.

The footwear industry received earlier 201 trade relief (adjustment assistance) on April 16, 1976. On April 1, 1977 the president expanded the assistance to include Orderly Marketing Agreements (OMA) with Brazil, Taiwan, Spain and Italy.

Copper:

A petition was filed January 26, and thus, an ITC report should be forthcoming sometime in June or July with a Presidential decision required in August or September.

The copper industry previously filed a Section 201 case on February 29, 1978. The ITC found affirmatively and recommended a five-year quota. USTR recommended a tariff rate quota in conjunction with special quotas for select countries. The President ultimately chose to deny relief.

States Most Affected: Domestic mine production in 1982 was 1.1 million tons of copper valued at \$1.8 billion. Six companies produced two-thirds of the mine output. Principal mining states were Arizona, 65%; Utah, 17%; Montana, 5%; and New Mexico, 4%.

Textiles:

We expect that, for the most part, the textile industry will take a "wait and see" attitude toward the December 16 statement by the White House. Should import growth not begin to moderate in 1984, we expect legislation to be introduced which would call for global quotas and/or the establishment of aggregate limits with our four largest suppliers (i.e. Taiwan, Korea, Hong Kong and China). Additional quota legislation and mandatory reciprocity requirements on textile and apparel products could be introduced. Also, there may be an effort to institute an import licensing system under which licenses would be sold or manufactured to U.S. exporters.

The Congressional leaders which are likely to support such legislation are Senator Helms and Thurmond and Congressmen Campbell and Broyhill.

States Most Affected: North Carolina, South Carolina, Mississippi, New York and Georgia.

Steel:

o Steel Quota Legislation

Congressman Gaydos introduced H.R. 4352 on November 11, 1983 with 63 cosponsors. The bill establishes import limits at approximately 15 percent of U.S. consumption for five years. The bill also allows for limitations on steel from upstream and downstream sources.

The bill's supporters maintain that U.S. import relief laws have been inadequate and have failed to prevent substantial quantities of unfairly traded steel from injuring the U.S. industry and reducing U.S. employment.

Outlook: Industry representatives have organized a major lobbying effort for the first weeks of the 1984 Congressional session. Free traders on the House Ways and Means Committee believe that the bill can pass the House by the spring of 1984 and feel that the bill can not be detained in committee for long.

States Most Affected: Pennsylvania, Illinois, Indiana, Alabama and Ohio.

o Carbon Steel Petition Under Section 201 Law

Bethlehem and the United Steel Workers filed on January 23, which would produce an ITC report late July, and impose a September decision deadline on the President.

The U.S. exported 1.2 million tons of carbon steel in 1982. Principal markets were Canada (240,000 tons), Mexico (208,000 tons), Saudi Arabia (93,000 tons), Italy (55,000 tons) and India (50,000 tons.)

Imports in 1982 totaled 15.3 millions tons. Major suppliers were Japan (4.8 million tons), Federal Republic of Germany (1.9 million tons), Canada (1.7 million tons) and France (857,000 tons).

States Most Affected: Indiana, Ohio, Pennsylvania, Michigan, Texas, and Illinois, accounting for about 70 percent of total raw steel production.

Wine:

o Wine Reciprocity Legislation

The Wine Equity Act of 1983 was introduced in the House on August 4, 1983 as H.R. 3795, and currently has 341 cosponsors. The companion bill was introduced on November 18, 1983 in the Senate, as S. 2182 with 51 cosponsors. Sponsorship in the House is two to one Democrat, with over 100 Republican cosponsors. Sponsorship of the Senate bill is solidly bipartisan with 29 Republicans and 22 Democrats.

Its passage in the House, where it originated, is likely. There may be some delay in its progress in the Senate, due mostly to resistance on the part of Senator Danforth and the agriculture sector.

The Administration has publicly opposed the bill in testimony presented by USTR to the Ways and Means Subcommittee on Trade. Legislation such as this is always opposed by the Administration and efforts are made to avoid the mandate of sectoral reciprocity. The imposition of wine import barriers would raise significant GATT problems and, either invite retaliation by our trading partners on items of great importance to the United States, such as corn gluten or cause the United States to pay compensation for the unbinding of a prior agreement.

States Most Affected: California, New York, Virginia, Ohio, Washington, Missouri, Mississippi, Arkansas and Oregon.

- o It is expected that the U.S. wine industry will file a Countervailing Duty/Anti-dumping petition on Friday, January 27 alleging that Italy uses illegal subsidies in production of its wine exports.

A Commerce Department determination would be required by September.

Automobiles:

o Domestic Content Legislation

The House passed H.R. 1234, the Fair Practices in Automotive Products Act, by a vote 219 yeas to 199 nays on November 3, 1983. The companion bill, S. 707, was introduced by Senator Riegle and currently has 15 co-sponsors.

Passage of the bill in the House was anticipated. At the end of the 97th Congress, the House voted 215 to 188 for a similar bill.

The Senate is not expected to pass Domestic Content legislation, however the UAW will continue to push the issue in 1984. Senator Packwood, Chairman of the Committee on Commerce, Science and Transportation, opposes the bill, but is under pressure to hold hearings on the bill in the late Spring. There is a strong possibility the bill could be brought up in the Senate as an amendment to another measure. Such a motion would probably be defeated or ultimately vetoed, but would publicize the Senators and the President's positions on what will be called "a jobs bill".

o Auto Quotas

House Energy and Commerce Committee Chairman Dingell introduced H.R. 4494, the "Made in America Act". The legislation would limit foreign auto imports to no more than 15 percent of the aggregate number of new vehicles sold in the U.S. by all manufacturers in a base year. Dingell may push for quotas during the Presidential election year and when the Domestic Content bill is before the Senate, but it is unlikely Congress will adopt the quotas during the industry's "protected" and continuing recovery.

States Most Affected: Michigan, Ohio, Indiana, California, Missouri, New York and Pennsylvania.

Machine Tools:

The National Machine Tool Builders' Association (NMTBA) filed a petition pursuant to Section 232 of the Trade Expansion Act of 1962 on March 10, 1983. The NMTBA seeks trade relief in the form of a five-year quota regime for certain machine tools on grounds that current import levels "threaten to impair the national security". The Department of Commerce has one year from the date of filing to investigate the effects of imports on the national security and submit a recommendation for action to the President.

The domestic machine tool industry continues to be vulnerable to import competition.

All this augers for continued pressure by U.S. industry for some form of import relief. Houdaille is now considering what, if any, steps should be pursued following its unsuccessful Section 103 petition.

If the Section 232 petition is unsuccessful, the industry may decide to pursue a Section 201 case. We are now looking at what, if any, steps should be taken to assist the industry assuming the 232 fails.

States Most Affected: Ohio, Michigan, Illinois, New England and New York.

Uranium:

U.S. uranium processors are concerned about recent enforcement by Canada of a 1973 law requiring that all uranium be processed to the extend possible in Canada before exportation. This issue is particularly troublesome as the Administration, at Canada's request, fought very hard to defeat Section 23 of the NRC Authorization Bill in late 1982 which would have restricted Canadian imports of uranium to the United States. Diplomatic efforts to resolve the dispute continue although prospects are not good as Canada appears to be within their GATT rights. If the situation is not resolved bilaterally, the industry is expected to seek a legislative remedy or Section 201 relief.

Sugar:

As a result of the domestic sugar program, import quotas have been imposed on sugar. The quota does not deal with sugar-containing products. Imports of sugar-containing products are increasing. Imported products are made with world price sugar (7¢/lb.) and easily compete with U.S. products made with U.S. price sugar (22¢/lb.).

Domestic producers of sugar-containing products (candy, cookies, etc.) are beginning to feel the pressure from imported products. If pressure mounts, they may feel forced to seek protection through legislated quotas on specific products.

Pasta:

Subsequent to the initiation of a Section 301 complaint by the U.S. pasta industry, the USG requested formation of a Subsidies Code panel on subsidized EC exports of pasta. The panel majority found EC export subsidies to violate Article 9 of the Subsidies Code, which prohibits the use of export subsidies for non-primary products. Since the panel report was issued in April 1983, we have been unable to secure either Subsidies Code approval of the report or a bilateral settlement with the EC.

A continued impasse on this issue will convince many of the futility of the GATT dispute settlement process and general pressure for multilateral U.S. action against imports of pasta from the EC.

Beef Imports:

The January 1 estimate of 1984 beef imports was just below the level which would require us to impose quotas under the requirements of the 1979 Meat Import Law. A larger estimate of imports in any of the next three quarters could result in our government having no alternative but to impose quotas this year. Because of an expected increase in U.S. cow slaughter this year, the Law may provide no flexibility to expand or remove the quotas once they are imposed. Australia and New Zealand supply about 70 percent of U.S. beef imports. Canada, Central America, Ireland, and Denmark supply the rest.

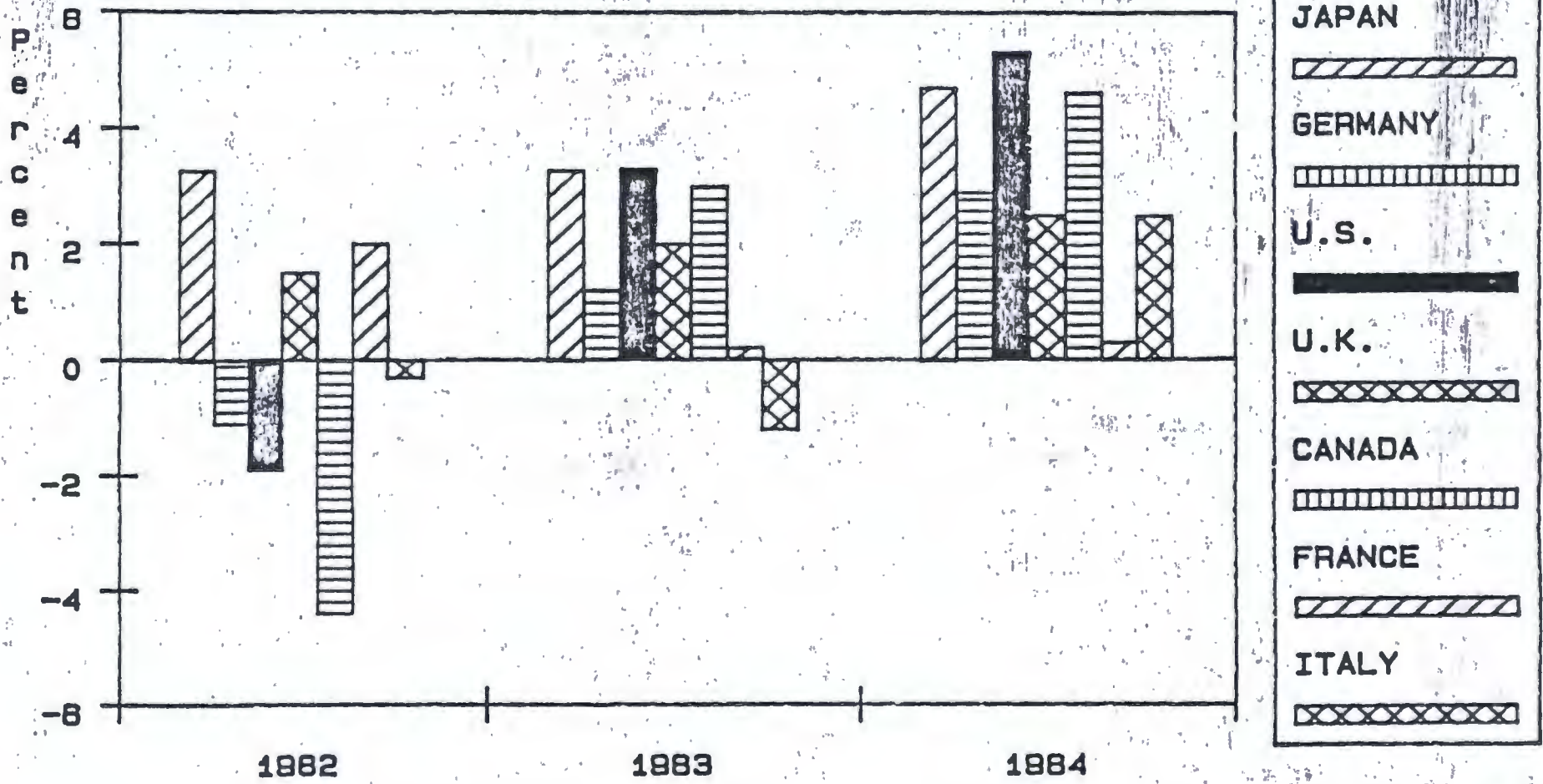
Burley Tobacco:

Burley tobacco producers are urging that action be taken that will lead to restrictions on burley tobacco imports. Currently, there are no import restrictions on tobacco imports other than tariffs.

USDA is reviewing the burley tobacco program to determine if a Section 22 investigation is warranted. If the Secretary of Agriculture recommends an investigation, the U.S. International Trade Commission would make a determination of whether imports are materially interfering with the burley tobacco program. Should the USITC find in the affirmative, then the President can impose import quotas or fees.

In 1981, the USITC conducted a similar investigation on flue-cured tobacco. Based on the criteria that it is necessary to show program losses, the USITC found that imports were not materially interfering with the flue-cured price support program.

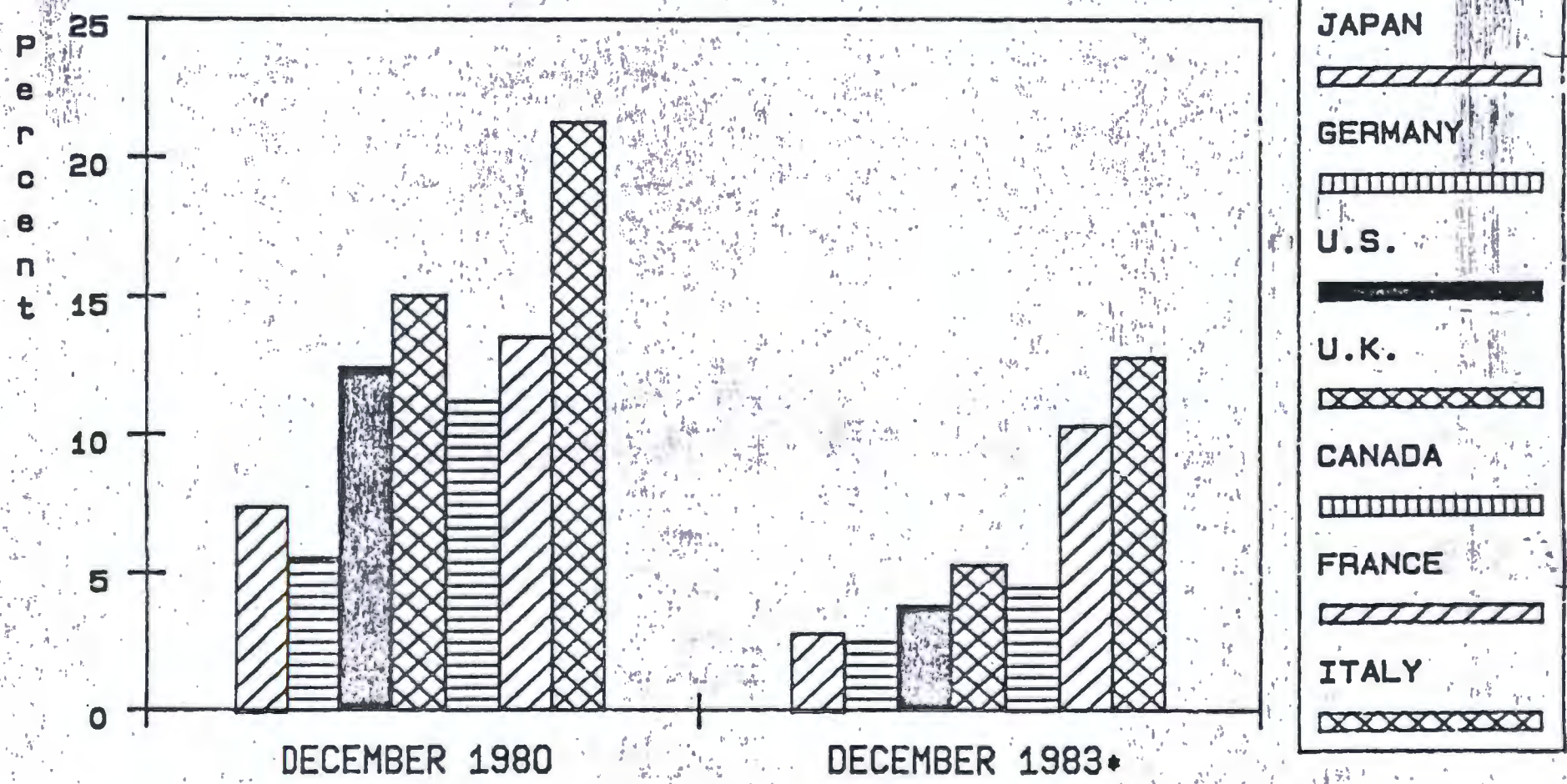
REAL GNP/GDP GROWTH RATES
(year-over-year)



Forecast

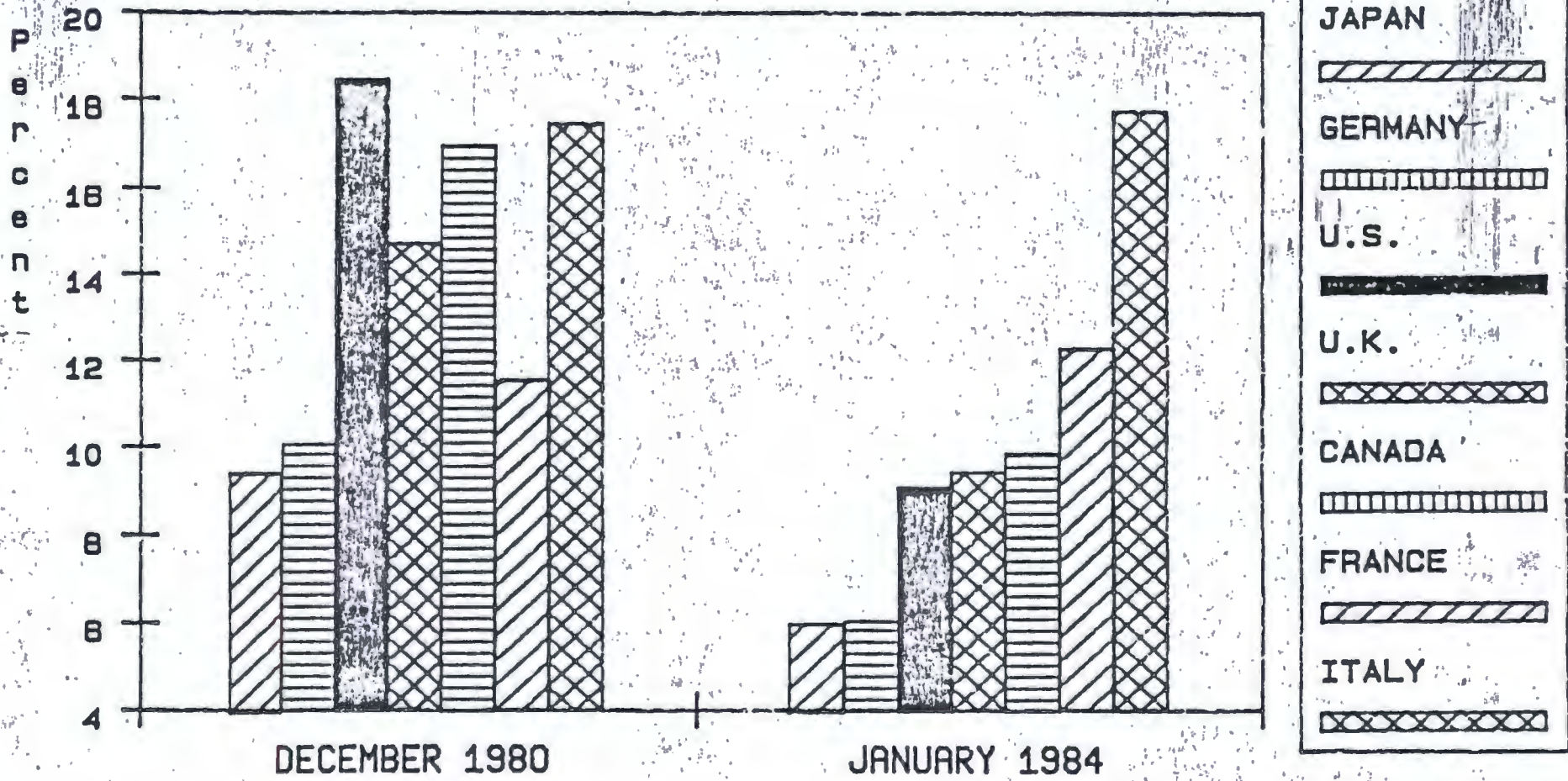
21

INFLATION RATES (year-over-year)



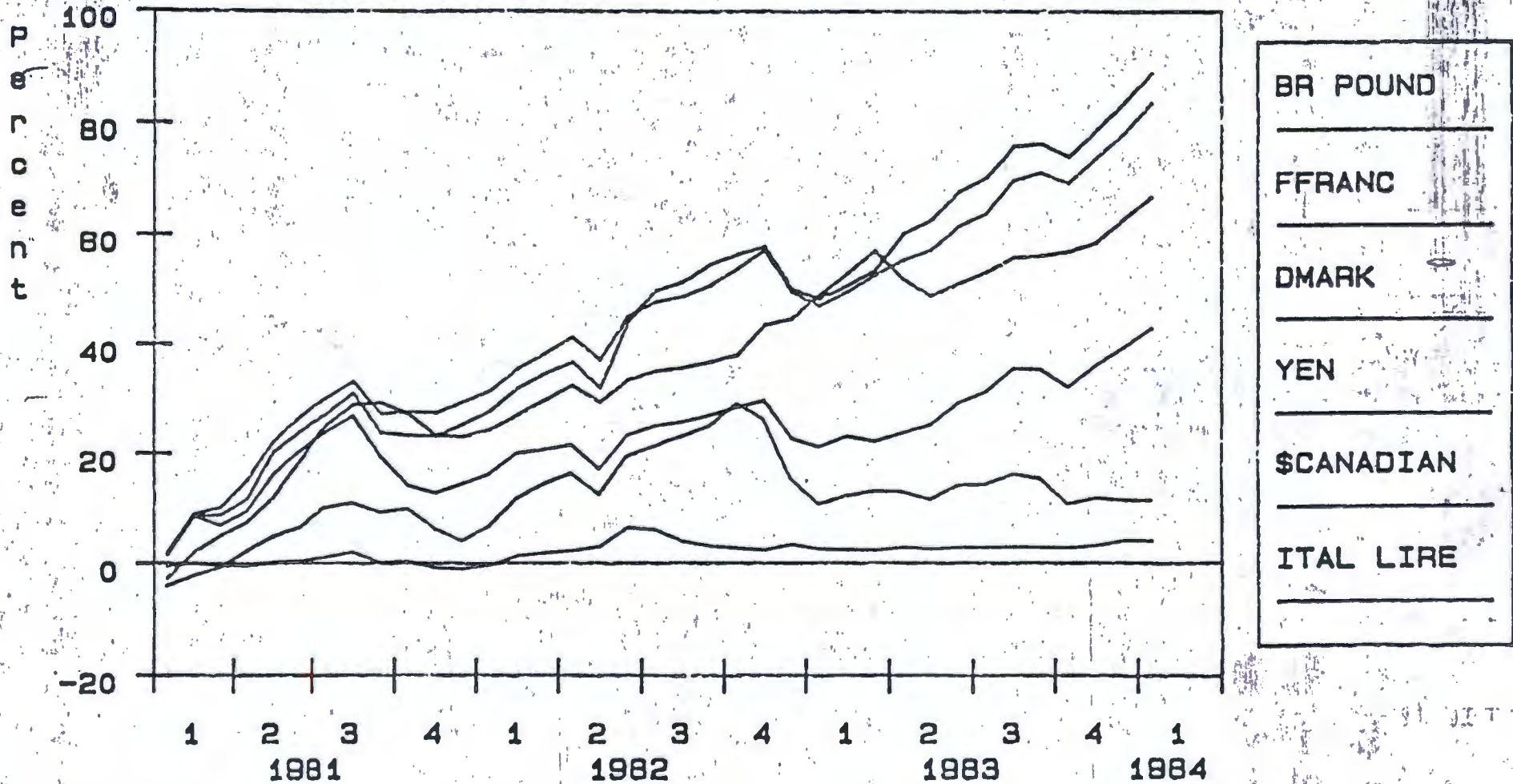
* Except France (October) and Japan (November).

SHORT-TERM INTEREST RATES



EXCHANGE RATES

(Percent change from December 1980)



Upward movement indicates dollar appreciation.

Latest observation is January 28 p.m. rate.

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131709	MEMO DOUGLAS MCMINN TO ROBERT MCFARLANE RE: PROPOSED NSDD	2	2/9/1984	B1

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131711 MEMO

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B1

ROBERT MCFARLANE TO THE PRESIDENT RE:
PROPOSED NSDD

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THE WHITE HOUSE
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UNITED STATES GOALS AND OBJECTIVES
FOR THE 1984 ECONOMIC SUMMIT ~~(C)~~

This Directive outlines the U.S. policy goals and objectives for the 1984 Economic Summit meeting in London, England, June 7-9. ~~(C)~~

I. U.S. Summit Goals

The Summit strategy of the United States is based upon reaching two over-arching goals:

- o To reinforce that the economic policies followed by the United States in the past three years have resulted in a strong domestic economic recovery that is now bringing the Free World into recovery and greater security; and
- o Building on recovery and our achievements at the past three economic summits, to advance and consolidate international prosperity and security in the years ahead. ~~(C)~~

II. U.S. Summit Objectives

At the London Summit, the United States seeks:

- o Agreement on the need for closer coordination among trade and financial policies.
 - Through existing international institutions (GATT, IMF, OECD); and
 - Through informal meetings among Summit country trade and finance officials.
- o A review of the success of the international debt strategy, emphasizing the importance in the years ahead of investment and further trade liberalization to the long-term health of the international financial system.

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BY sa NARA DATE 2/21/2012

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- o Endorsement of the need
 - To maintain open markets;
 - To promote fair trade and greater competition;
 - To proceed with an agreed program to reduce or remove certain trade barriers, as currently being discussed with our Summit partners; and
 - To initiate consultations in GATT on the objectives of a possible new round of trade negotiations, including trade with and among developing countries and trade in services, high technology products and agriculture.

- o A review of the consensus on East-West economic relations.

- o Endorsement of the results of the economic convergence process begun in previous summits.

- o In addition, the United States seeks to negotiate agreements with our Summit partners during the period before June in order to take credit at the Summit for enhanced international cooperation concerning:
 - The U.S. manned space station program.
 - Concrete steps to combat terrorism. ~~(S)~~

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131716 MEMO

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ROBERT MCFARLANE TO MICHAEL DEEVER RE:
PROPOSED NSDD

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UNITED STATES GOALS AND OBJECTIVES
FOR THE 1984 ECONOMIC SUMMIT (C)

This Directive outlines the U.S. policy goals and objectives for the 1984 Economic Summit meeting in London, England, June 7-9. (C)

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- o To reinforce that the economic policies followed by the United States in the past three years have resulted in a strong domestic economic recovery that is now bringing the Free World into recovery and greater security; and
- o Building on recovery and our achievements at the past three economic summits, to advance and consolidate international prosperity and security in the years ahead. (C)

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DECLASSIFIED List 10/15/2010
Authority Leary to Weinstein letter, 4/20/05
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 - Concrete steps to combat terrorism. ~~(S)~~

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131719 MEMO

2 11/21/1983 B1

ROBERT MCFARLANE TO THE PRESIDENT RE:
STRATEGY PAPER FOR LONDON SUMMIT

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NATIONAL SECURITY COUNCIL

February 15, 1984

NOTE TO: Don Fortier
Gaston Sigur
Roger Robinson
Ty Cobb
Peter Sommer

File London Summit

FROM: Doug McMinn

Attached is a copy of a paper we just received from the British. It is to serve as a discussion piece for the Sherpa teams when they meet this week in London.

Sorry for the short turnaround, but would appreciate any comments by noon tomorrow (Thursday).

Thanks.

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131720 CABLE

1 2/10/1984 B1

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