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KDB 1/19/2016 FO/A FO/	Collection Name	EXECUTIVE SECRETARIAT, NSC: CABLE FILE				Withdrawer		
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Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

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B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA] B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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Collection Name EXECUTIVE SECRETARIAT, NSC: CABLE FILE Withdrawer 1/19/2016 KDB File Folder USSR (5/24/84-6/1/84) **FOIA** F03-002/5 **Box Number** 25 **SKINNER** No of Doc Date Restrictions **ID Doc Type Document Description Pages** 172473 MEMO C. WEINBERGER TO CHAIRMAN OF U.S. 1 5/25/1984 B1 DELEGATION TO U.S-USSR REVIEW OF THE INCIDENTS AT SEA AGREEMENT ND 172474 REPORT RE SECRETARY OF COMMERCE'S **B**1 5/25/84 MEETING WITH SUSKHOV 4/8/2013 CREST NLR-748-25-47-7-2 R 172475 REPORT SITUATION ROOM NOTE 1 5/29/1984 B1 10/11/2010 CREST NLR-748-25-47-8-1 PAR SITUATION ROOM NOTE (SAME 172476 REPORT 1 5/29/1984 B1 REPORT AS DOC #172475) CREST NLR-748-25-47-8-1 PAR 10/11/2010 172477 CABLE 012239Z JUN 84 2 6/1/1984 B1 9/12/2013 CREST NLR-748-25-47-9-0 D 172478 PROFILE NSC/S 1 6/1/1984 B1**SHEET** 9/12/2013 CREST NLR-748-25-47-9-0 D 172479 MEMO MATLOCK TO MCFARLANE RE SOVIET 1 6/7/1984 **B**1 RESTRICTION OF MILITARY LIAISON MISSIONS (W/ADDED NOTE) 4/8/2013 CREST NLR-748-25-47-10-8 R

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FOIA

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	R	4/8/2013 CREST NLR-748-25	5-47-10	<i>9-8</i>	
172481 MEMO		K. DEGRAFFENREID TO MCFARLANE RE SOVIET RESTRICTION OF MILITARY LIAISON MISSIONS		6/12/1984	4 B1
172482 REPORT	·	RE USSR-EAST GERMANY: PERMANENT RESTRICTED AREAS (INCL. MAP)	Γ 2	6/5/1984	B1
	PAR	4/8/2013 CREST NLR-748-25	5-47-1:	<i>3-5</i>	
172483 MEMO		MATLOCK TO POINDEXTER RE 6/1/84 MEETING WITH SEMYONOV (INCL.	2	6/1/1984	B1

CREST NLR-748-25-47-14-4

SUGGESTED TALKING POINTS)

4/8/2013

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

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TO

REF#

DISPATCH

MCFARLANE

FROM MATLOCK

DOCDATE 24 MAY 84

NSCIFID (HW HW)

KE YWORDS	USSR	INTL TRADE	VERITY
	ECONOMICS	AM	SUSHKOV
SUBJECT.	TALKING POINTS FOR	MCFARLANE 25 MAY MTG W/	VERITY & SUSHKOV
ACTION:	NOTED BY MCFARLANE	DUE:	STATUS C FILES PA
	FOR ACTION		FOR INFO
	•		MATLOCK
COMMENTS			

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Bob Kimmitt	1		
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Wilma Hall			
Bud McFarlane		<u></u>	<u></u>
Bob Kimmitt			
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Situation Room			
I = Information A = Action	R = Retain	D = Dispatch N =	No further Action
cc: VP Meese Baker	Deaver Othe	er	
COMMENTS	Should be see		- 12 m/z

MEMORANDUM

NATIONAL SECURITY COUNCIL

172467

DECLASSIFIED

CONFIDENTIAL

NLRR 748-25-47-1-8

May 25, 1984

INFORMATION

BY WE NARA DATE 4/8/13

MEMORANDUM FOR ROBERT C. MCFARLANE

HOM HAS SEEN

FROM:

JACK MATLOCK

SUBJECT:

Your Meeting with Verity and Sushkov

12:30 P.M., May 25, 1984

Background

Verity and Sushkov come from a two-day meeting in New York of the U.S.-USSR Trade and Economic Council (USTEC), and will have met with Mac Baldrige and Ken Dam earlier today. USTEC is made up of private businessmen on the U.S. side and Soviet trade officials on theirs, and Sushkov is the Co-Chairman. This week's meeting in New York had been postponed from October of last year because of KAL. During the meeting in New York, Mark Palmer's speech (which was moderate, but frank about some problems, including Sakharov) received a very hostile reception, not only from the Soviets, but from most of the U.S. businessmen present.

We had decided last week that, in light of the Sakharov affair, we would not notify the Soviets officially of our willingness to renew the Long-Term Trade and Economic Agreement (which expires at the end of June). Baldrige called George Shultz yesterday, however, and persuaded him to agree that he could notify Sushkov today, so we must assume that this has been done before your meeting.

Recommendation

Given these circumstances, I would suggest that you make a point of mentioning the Sakharov matter as an impediment, but play our willingness to extent the agreement as an example of our making every effort to improve relations, even in the face of Soviet intransigence.

I have attached some suggested talking points for the meeting.

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- -- Welcome meeting of USTEC and Sushkov's visit to Washington. Important to intensify our search for ways to improve our trading relationship.
- -- President has genuine desire to improve relations. Problems are evident, but we must try to solve them.
- -- On the relationship in general -- which inevitably influences trade conditions -- the President has made a whole series of constructive proposals. He has done this in private, to demonstrate his serious intent.
- -- We are disappointed that your government has not shown more interest. In fact, there seems to have been a decision to make relations as bad as possible.
- -- This is unfortunate, but we are patient. Our readiness to solve problems will not be affected.
- -- Still, if we are to start solving them, we must be frank about what the problems are and what barriers must be removed. Right now, for example, the situation your government has placed the Sakharovs in has a real potential for making poor relations even worse. A humanitarian outcome to this unnecessary problem could make it easier to restore some health to our relations across the board.
- -- I am pleased that the President has approved extending our long-term trade and economic agreement. I hope your government will understand the significance of this decision. It was taken to demonstrate his commitment to improving our relations. He could easily have found cogent reasons for making a different decision, if his interest in an improved relationship were not as deep as it is. I hope your government will take proper note of this decision.
- -- Please convey to your government the President's earnest desire to find ways to a better relationship. Whenever you are prepared to reciprocate that interest, you will find us ready.



RECEIVED 31 MAY 84 15

TO

MCFARLANE FROM VARGO, F

DOCDATE 24 MAY 84

KEYWORDS. USSR

INTL TRADE

BROWN, C

SUBJECT: DEPUTY SEC BROWN MTG W/ SOVIET DEPUTY FORN MIN SUSHKOV

ACTION: FOR RECORD PURPOSES

DUE:

STATUS C FILES WH

FOR ACTION

FOR CONCURRENCE

FOR INFO

MATLOCK

LENCZOWSKI

SESTANOVICH

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FORM ITA-263

NTERNATIONAL TRADE ADMINISTRATION

REPORT OF PARTICIPATION

(Check appropriate box)

Interdepartmental Committee Meeting

Meeting w/Other Agency Officials 4 4 6

Industry-Trade Association Meeting

International Conference

Discussion or Conversation

Nat'l Stockplie Discussion

PLACE New York City

May 24, 1984

PARTICIPANTS (Commerce, other agencies, industry)

See text

Europe

DISTRIBUTION
SECRETARY, Deputy Secretary,
US/ITA, DUS/ITA, AS/IEP, AS/ED,
ACTAS/TA, DAS Palmer/State,
OIL/COM, OEESA

Deputy Assistant Secretary

U/Secy Armacost (State)

RMcFarlane, Asst to President for

National Security Affairs

748-25-47-2-7

SUBJECT (Name of committee, conference or association, if applicable)
Deputy Secretary Brown's Meeting with Soviet Deputy Foreign Minister
Vladimir Sushkov

SUMMARY REPORT (Topics discussed and conclusions)

Deputy Secretary of Commerce Clarence Brown met with Soviet Deputy Foreign Minister Vladimir Sushkov May 24, 1984, in New York City on the occasion of the meeting of the U.S.-Soviet Trade and Economic Council (USTEC). The 2-hour discussion, the most extensive meeting Sushkov has had with a Commerce official, covered the range of U.S.-Soviet trade issues. Sushkov stressed his interest in U.S. oil and gas equipment, in a Joint Commercial Commission meeting, and in more emphasis both in the U.S. and the U.S.S.R. on the usefulness of greater bilateral trade in non-strategic areas.

Mr. Sushkov was accompanied by Nikolay Inozemtsev, Deputy Chairman, U.S.S.R. State Planning Committee (GOSPLAN), and an interpreter. The Deputy Secretary was accompanied by Frank Vargo, Deputy Assistant Secretary of Commerce for Europe.

OIL AND GAS PROJECTS

Mr. Sushkov opened the meeting by stating that there had been some feeling in Moscow that he and the other Soviet officials should not have come to the USTEC meeting in New York, insisting there was nothing to be accomplished. Sushkov stated that he had insisted the meetings should continue, because the Soviets should honor the commitments they had made to the U.S. side of USTEC. Sushkov said he believed there were substantial trade opportunities that had not been utilized, and he hoped that these opportunities could be converted into real business.

Deputy Secretary Brown agreed, and pointed to the brochure the Department of Commerce had recently produced which indicated the range of products which could be exported to the Soviet Union. Many products, he noted, did not even need an export license. Sushkov thanked the Deputy Secretary for the work the Commerce Department had done on the brochure, but expressed the view that the brochure was a little vague.

Sushkov pointed particularly to the energy area, which he said was his prime sectoral interest. Reiterating a theme familiar over the years, Sushkov said the U.S.S.R. looked to the United States not for small business deals, but for "big deals." He expressed interest in energy megaprojects, particularly shallow and deep sea drilling operations. He said the U.S.S.R. wanted a consortium of companies to operate offshore facilities from start to finish, to provide their own financing, and to take payment in oil.

CLASSIFIED BY FRANKLIN J. VARGO DECLASSIFY ON OADR

-2-

European and Japanese companies, Sushkov said, were actively courting the U.S.S.R. in this area. He said he was sure they could get the job done, but he preferred to have American companies do the job because American technology and know-how was better in this area and because he was interested in generating more bilateral trade between the two countries.

Sushkov insisted, however, that if American companies were to get the business, they would have to provide all the equipment and technology -- not just part of it. Americans would not be allowed, he said, to sell some equipment and refuse to sell other equipment because of licensing problems. It was all or nothing, he said. Sushkov said the U.S.S.R. had already entered a joint venture with Norway to exploit oil prospects in the Barents Sea. The U.S.S.R. wants technology for drilling at less than 25 meters and at over 50 meters in both the Barents Sea and Okhotsk Sea, including the skills and equipment to work through ice.

Deputy Secretary Brown told Sushkov that most energy equipment was either not controlled or was subject to license but with a presumption of approval. Cautioning that there may be some exemptions, he told Sushkov that the only way to answer reliably was to see a listing of the exact equipment and technologies which would be needed.

Sushkov said the U.S.S.R. would not provide the United States with any such list, but added that any of the interested U.S. companies would be able to do so as they know the equipment involved. He concluded by reiterating the strong interest of European and Japanese companies, including their willingness to provide 100 percent of the financint and to take 100 percent of their payment in terms of oil production resulting from the venture. Deputy Secretary Brown noted that our drilling skills were the best, and if the Soviets wanted the best they would have to work with us and would have to meet us halfway in trying to see what might be possible. Sushkov acknowledged that was so.

The Deputy Secretary then inquired whether there were other sectors in which the Soviets were interested in doing more business with the United States. Inozemtsev said that the U.S.S.R. needed to reconstruct many of its industries to modernize them and make them more productive. He was particularly interested in U.S. equipment to modernize Soviet light industries, such as textiles, apparel, shoe manufacturing, and food processing. A considerable amount of what the Soviets would need here, the Deputy Secretay pointed out, would be available without difficulty in terms of licensing requirements. He said he hoped the Soviets would convert their intentions into deeds here, by expressing concrete interest in U.S. equipment. He offered the assistance of Commerce in helping to find appropriate U.S. equipment and companies. Sushkov noted the offer.

JOINT COMMERCIAL COMMISSION

Shifting subjects rapidly, Sushkov suddenly demanded to know why the Joint Commercial Commission was not meeting. The United States, Sushkov said, claims it is not waging economic warfare. Is not, he asked, the refusal to hold JCC meetings a form of economic warfare? Deputy Secretary Brown said that clearly the absence of JCC meetings was related to Soviet behavior in Afghanistan, and was therefore related to the overall political environment. This, he observed, was far different from "economic warfare" -- in which the intended effect was ecoomic rather than political. Sushkov then launched into a lecture on the error of the U.S. ways in attempting to use trade for political purposes.

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U.S. foreign trade, he opined, was the real strength of America. It was America's huge demand for imports that was the principal glue holding America's allies to the United States. Without Japan's huge exports to the United States, he speculated, there would not be such a close political relationship between the two countries. In using trade as a political weapon, Sushkov said, the United States was weakening its prime source of strength and would destroy itself if it proceeded along that course.

Deputy Secretary Brown told Sushkov his understanding of our strength was incorrect. The strength of the United States reposed in its internal factors of its people, technology, and creativity. Sushkov said perhaps that was so, but hoped that the Deputy Secretary would agree with his view that if bilateral U.S.-U.S.S.R. trade were to be many times larger than it was, such a trade relationship would bring us closer together in other areas. The Deputy Secretary did agree.

Sushkov then responded to a question on the JCC by stating that Foreign Minister Patolichev felt it was an insult to have the JCC in abeyance, and that Patolichev would not permit any lower-level trade meetings until a JCC meeting was held. Sushkov referred to the cancellation of JCC meetings as having high visibility, along the lines of the cancellation of Aeroflot landing rights. He said he could understand a reluctance to take highly visible steps right now, and suggested that perhaps a JCC meeting at the ministerial level could be held privately with no publicity, if that would make it easier for the United States to accept. Vargo said that a Cabinet level meeting, whether private or not, would be very difficult at this time, and inquired whether a low-publicity meeting at a lower level would be possible from the Soviet perspective. Sushkov reiterated that Patolichev wanted a Cabinet-level meeting. Deputy Secretary Brown suggested we continue the discussions with Secretary Baldrige the next day.

Returning to the use of trade for political purposes, Sushkov referred to the Deputy Secretary's speech earlier that day -- which had made reference to the plight of the Sakharovs. Sushkov said that he knows them both. He felt Mr. Sakharov was a good man, but he felt that Mrs. Sakharov was a "bad woman" -- a "publicity hound full of hot air." He said he thought she was quite healthy, and that at any rate she had access to clinics so good that even he could not use them. He said there was no question in his mind that her purpose was to spoil the U.S.-U.S.S.R. relationship. That, he said, is why they would not let her leave the country. They were sure she would mount a campaign to injure the bilateral relationship.

Deputy Secretary Brown said, in that case the U.S.S.R. would be better off letting her go. After further talks on oil the meeting was drawn to a close so that Sushkov could address the Amtorg reception which was scheduled for that time.

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TO

MCFARLANE

FROM BALDRIGE!

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NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

June 6, 1984

CONPIDENTIAL

MEMORANDUM FOR MR. CHARLES HILL

Executive Secretary Department of State

MRS. HELEN ROBBINS

Executive Assistant to the Secretary

Department of Commerce

SUBJECT: Renewal of Agreement to Facilitate Economic,

Industrial and Technological Cooperation with USSR

(C)

Secretary Baldrige requested our review of a proposed letter to the Soviet Government which provides formal notification of our willingness to renew the Long Term Agreement to Facilitate Economic, Industrial, and Technical Cooperation, and proposes that a working group be convened to establish the groundwork for a session of the U.S.-USSR Joint Commercial Commission. draft letter was forwarded to the Department of State under cover of a letter of May 25, 1984, from Secretary Baldrige to Secretary Shultz.

We have reviewed the draft letter in question and concur in the text. (U)

Robert M. Kimmitt

Executive Secretary

NATIONAL SECURITY COUNCIL

172470

CONFIDENTIAL

June 4, 1984

ACTION

DECLASSIFIED

MEMORANDUM FOR ADMIRAL POINDEXTER

NLTR 748-25-47-4-5

FROM:

JACK MATLOCK

BY KOR NARA DATE 4/8/13

SUBJECT:

Renewal of Agreement to Facilitate Economic,

Industrial and Technological Cooperation with USSR

Secretary Baldrige sent us a copy of a letter to Secretary Shultz on May 25, which reported on his conversation with Soviet Deputy Minister of Foreign Trade Sushkov and transmitted a draft letter which would notify the Soviets officially of our willingness to renew the Long Term Agreement to Facilitate Economic, Industrial, and Technical Cooperation and to convene a meeting of a working group to prepare for a session of the Joint Commercial Commission established by that agreement. Secretary Baldrige requested our approval of the draft letter.

State has now reviewed the draft letter and concurs. Bud saw an advance copy and noted that it looks OK to him. I have, therefore, prepared a memorandum from Kimmitt to Robbins and Hill approving the letter for transmittal.

Recommendation:

That you approve transmittal of the memorandum at TAB I.

Approve

Disapprove

Attachments:

Tab I

Memorandum to Robbins and Hill

Tab II

Incoming Correspondence

cc: Fortier

Levine

Robinson

CONFIDENTIAL

Declassify on OADR

Washington, D.C. 20230

172471

Honorable George P. Shultz Secretary of State Washington, D.C. 20520

Dear George,

MAY 2 5 1984

DECLASSIFIED

NARA DATE 4/8/13 BY LOD

I met this morning with Soviet Deputy Foreign Trade Minister Sushkov and Ambassador Dobrynin. Following up on my conversations with you and Bud McFarlane, I informed them of the U.S. Government's willingness to renew the Long Term Agreement to Facilitate Economic, Industrial, and Technical Cooperation (EITCA). I indicated this would be a simple extension which should be accomplished by an exchange of diplomatic notes.

We also discussed the possibility of convening a Working Group of Experts, as provided for by Article III of the Agreement, to explore ways of expanding our trade relationship. Sushkov and Dobrynin proposed that we begin by convening a meeting of the ministerial-level Joint Commercial Commission. In response, I indicated that we should hold the Working Group of Experts meeting first, and if that meeting is successful in establishing the groundwork for a meeting of the Joint Commercial Commission, a meeting of the Commission could be held when practical.

Sushkov and Dobrynin indicated that they would welcome a letter setting forth the substance of our discussion, and indicated they anticipated a positive response from their side. I enclose a proposed draft of this letter.

I defer to you as to who should send the letter and to whom in the Soviet government it should be addressed. If you think it appropriate, I would be pleased to send it to Minister of Foreign Trade Patolichev.

Sincerely,

Mac

Secretary of Commerce

Enclosure

cc: Honorable Robert McFarlane Assistant to the President for National Security Affairs





PROPOSED LETTER TO THE SOVIET GOVERNMENT

Dear				:
	_	_	 	 _

At the May 25, 1984, meeting between Secretary of Commerce Malcolm Baldrige and Soviet Deputy Minister of Foreign Trade Vladimir Sushkov, Secretary Baldrige expressed the willingness of the United States Government to renew the Long Term Agreement to Facilitate Economic, Industrial, and Technical Cooperation. This agreement expires June 29, 1984, if not renewed. Secretary Baldrige and Deputy Minister Sushkov also discussed implementation.

Secretary Baldrige proposed that the first step be renewal of the Long Term Agreement without change for a ten-year period, by an exchange of diplomatic notes between the United States and the Soviet Union. Subsequent to renewal of the Agreement, we could convene a meeting of the Working Group of Experts provided for in the Long Term Agreement.

In response to the expressed interest of the Soviet side in convening a meeting of the Joint Commercial Commission, Secretary Baldrige indicated that if the Working Group is successful in establishing the groundwork for a meeting of the Joint Commercial Commission, a meeting of that Commission could be held when practical. The Joint Commercial Commission would discuss obstacles to trade and areas in which mutually beneficial trade could be expanded.

We await the response of the Soviet Union to these proposals.



TO

MCFARLANE

FROM WEINBERGER, 216 COTS

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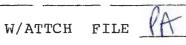
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IN FOLDER OF 4282.

J.HANKS

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C. WEINBERGER TO ASST. FOR NATIONAL SECURITY AFFAIRS RE ANNUAL REVIEW OF INCIDENTS AT SEA AGREEMENT

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

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]
- C. Closed in accordance with restrictions contained in donor's deed of gift.

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172473 MEMO

1 5/25/1984 B1

C. WEINBERGER TO CHAIRMAN OF U.S. DELEGATION TO U.S-USSR REVIEW OF THE INCIDENTS AT SEA AGREEMENT

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

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

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TO

MCFARLANE

FROM VARGO, F

DOCDATE 25 MAY 84

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FORM ITA-263 (REV. 4-80)	U.S. I	DEPANDE ADMINISTRATION	FROM (Signature, title, office and bureau)	
			Franklin J. Vargo	
" REPORT OF PARTICIPATION			Deputy Assistant Secretary	
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Washington, D.C.		May 25, 1984	RMcFarlane, Asst to President for	
PARTICIPANTS (Commerce, o	ther agencies, industr	y) <u> </u>	National Security Affairs	
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SUBJECT (Name of committee	•			
-	erce's Meeti	ng with Soviet Dep	outy Foreign Trade Minister	
Sushkov				
SUMMARY REPORT (Topics d	iscussed and conclusi	ions)		
SUMMARY				
			t with Soviet Deputy Trade	
			about 1½ hours. The Secretary	
I .			lling to renew the Long Term	
			and Technical Cooperation (LTA),	
			erts meeting as provided for	
			binet-level meeting of the Joint	
1		•	p, but ultimately appeared to	
settle for the Secretary's statement that if the Working Group of Experts				

and was willing to hold a Working Group of Experts meeting as provided for by the LTA. Sushkov at first insisted on a Cabinet-level meeting of the Joint Commercial Commission (JCC) as the initial step, but ultimately appeared to settle for the Secretary's statement that if the Working Group of Experts meeting were to be successful in establishing the groundwork for a JCC meeting, a meeting of the JCC could then be held when practical. Sushkov asked for this proposal in writing and stated the Soviet side would respond after considering the matter in Moscow.

(U) Sushkov was accompanied by Soviet Ambassador to the United States Anatoliy Dobrynin and by an interpreter. Participating on the U.S. side were Deputy Secretary Brown, Deputy Under Secretary Wethington, Assistant Secretary Dennin, Associate Deputy Secretary Policinski and Deputy Assistant Secretary END SUMMARY.

LONG-TERM AGREEMENT

(C) Secretary Baldrige began the meeting by informing Susher of the USSR willingness to renew the LTA for another 10 years, if the USSR were also willing. He noted that we were offering to renew the agreement as is, with no consideration of any wording changes. He said we envisioned the renewal to take place by a simple exchange of diplomatic notes between the State Department and the Soviet Ministry of Foreign Affairs.

(c) Some confusion ensued on the Soviet side, with Ambassador Dobrynin at first saying that the Soviet side was indeed ready to renew the agreement, and that he had already told Secretary of State Shultz that this was the case. A little later in the meeting, Dobrynin said he had been mistaken in his earlier statement, and that he had not discussed renewal of the LTA agreement per se with Sec. Shultz. He said he had spoken in general terms with Sec. Shultz about Soviet willingness to discuss renewal of a number of bilateral agreements -- and added he did not have Moscow's approval to agree on the spot to a renewal of the LTA. He would have to cable Moscow and await instructions.

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-2-

- Sushkov indicated a sharp degree of interest in renewing the LTA. He said he wanted to discuss the machinery for implementation, stating that we already had the JCC -- which had never been terminated by either side and was still operative, even though it had not been meeting because the U.S. side refused to meet. He reminded the U.S. side that Soviet Foreign Trade Minister Patolichev was the Soviet co-chair for the JCC, and said that Minister Patolichev was anxious to meet in a JCC context with Secretary Baldrige. Sushkov added that the other piece of the machinery was the Working Group of Experts. The Soviet side, he said, would not be willing to change the implementation machinery.
- Sushkov then stated that the first step should be to convene immediately a meeting of the Ministerial-level JCC. The JCC, he said, would examine the question of renewing the LTA.
- Secretary Baldrige said we appeared to have a difference of opinion. The United States, he said, doe not hold ministerial-level commission meetings without first holding a working group meeting to set up the way for the ministerial meeting. This, he stressed, was our practice for meetings with all countries -- we were not singling out the USSR in this regard. We must first have a meeting of the Working Group of Experts. If that went well, and the Secretary expressed his assumption that it would, then the U.S. side would propose a ministerial-level meeting once the mechanics were out of the way and a JCC meeting was practical.
- The Working Group was not an independent body, but was related to the JCC. He said the Soviet side could accept the process of having a Working Group meeting first. He then indicated that the Working Group should precede the JCC, which in turn would consider renewal of the LTA. Dobrynin hastened to add that Sushkov was not accepting the U.S. proposal, but was merely indicating the Soviet side was prepared to look at it and get back to the U.S. side. They could not, he said, agree on the spot.
- (C) Secretary Baldrige said we still had a difference of views. From the U.S. perspective, we must first have an exchange of letters renewing the LTA, followed by a Working Group meeting, followed by a JCC meeting when practical. He reminded Sushkov and Dobrynin that the LTA would expire on June 29, 1984; and said if we don't renew it, there would be no basis for a Working Group meeting. He reiterated that if a meeting of the Working Group were successful, then -- and only then -- could we have a JCC meeting when practical.
- (c) Sushkov inquired into the U.S. intent. Would we simply renew the LTA, he asked, hold a Working Group meeting, and then a JCC meeting only to have the U.S. side announce that it is impossible to increase bilateral trade? Or could the JCC discuss obstacles to our trade and ways to overcome the obstacles?



-3-

Secretary Baldrige told the Soviet side that President Reagan did not desire to conduct economic warfare on the Soviet Union. The President, he said, wants to expand nonstrategic trade with the USSR. The first step must be to discuss how that trade can be expanded. Points of Soviet interest would certainly come up in discussions, he said, including perhaps offshore oil drilling. The United States, the Secretary said, would not be adverse to discussing Soviet interests in trade and problems involved in those interests, in a JCC context. No promises could be made ahead of time, he cautioned, but we were interested in doing what we could to expand nonstrategic trade.

Sushkov at that point thanked the Secretary for his statement and for his position and that of the President regarding nonstrategic trade. He asked the Secretary not to be disappointed that he and Dobrynin could not respond on the spot. The Soviet side needed, he said, to discuss and consider the U.S. proposal. He expressed great confidence, however, that the Soviet response would be a positive one. He added that an exchange of letters which would refer to a Working Group meeting and a JCC meeting as well as renewal of the LTA would be of greatest interest to the Soviets.

Secretary Baldrige said he wanted Sushkov to understand him clearly: he wanted this process to work! The Secretary emphatically stated he did not want a public relations exercize with no lasting results. We had to take one step at a time. First, the exchange of diplomatic notes renewing the LTA for 10 years, second the Working Group of Experts meeting, and third, the Joint Commercial Commission meeting when practical, if the Working Group meeting was successful.

Sushkov asked that the U.S. proposal be put in writing and conveyed to the Soviet side. Sushkov again apologized for not being able to accept the proposal on the spot, and expressed confidence that the proposal would be accepted after it had been reviewed in Moscow.

REVIEW OF THE USTEC MEETING

- (U) Turning to the just-concluded USTEC meetings in New York, Sushkov said they had been good meetings, but they had raised questions beyond the competence of the private sector. As an example, he pointed to Soviet statements that they were having difficulty implementing the Grain Agreement because of sanctions preventing Soviet ships from entering U.S. posts. This, he said, was a question for the JCC rather than USTEC.
- (U) Sushkov said the approach to trade reflected by the U.S. companies and by the Soviet participants at the USTEC meeting was quite positive. He thanked the Secretary for the Commerce Department's brochure on what can be exported to the USSR -- a brochure especially prepared by ITA's Office of Export Administration for the USTEC meetings. He expressed the view that the brochure would be quite helpful, but asked that it be made more specific next time, if that were possible.

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INTERNATIONAL HARVESTER COMBINE FACTORY

- (U) Secretary Baldrige inquired into the status of Soviet intentions to purchase a combine plant from International Harvester. The Secretary noted that last year Sushkov had stated all that was necessary to finalize the deal was a letter of assurance from the U.S. Government that it favored completion of the contract. That letter had been given, but the deal had not been finalized.
- (U) Sushkov stated that International Harvester had made some modifications to the combine design, and these modifications had to be tested. The tests were positive, he said. He noted that a Soviet designer of combines was objecting to the deal, but said he would ensure the right people visited the International Harvester exhibit in the USSR next month, and that he was optimistic the deal would be finalized at that time. He said he could not promise this, but that he was definitely optimistic.

ENERGY PROJECTS

- (U) Sushkov then turned to the Soviet interest in U.S. oil exploration and production know-how. He said offshore oil projects represented a big program for the USSR. He explained that he was responsible for foreign procurement of equipment and services, and that he was interested in arranging some big deals with U.S. firms in offshore drilling. He stated that U.S. technology controls prevented arrangements with U.S. firms.
- (U) It was not just a matter of buying individual pieces of equipment, Sushkov said. It was a matter of long-term cooperation and mutual guarantees. The Soviets felt that they had to buy a complete long-term arrangement, including the willingness of the foreign partners to accept oil as payment. He said that the Europeans, Canadians, and Japanese were willing to do business now. Only the Americans, he said, faced restrictions. The USSR, he insisted, would obtain the services and equipment from the West -- the U.S. restrictions would only serve to be in the way of U.S. companies, not the USSR, he said.
- Secretary Baldrige said the United States would do its best to deal with the USSR realistically, but that had to include taking into account national security and policy concerns. The President, he reiterated, wanted to expand nonstrategic trade with the USSR; so without making any promises, we were willing to see if something could be worked out in offshore oil.
- (U) The meeting ended with both sides agreeing there would be no public mention of the contents of the meeting, other than that renewal of the LTA had been discussed in a favorable context and that final decisions would be made by both governments soon.

THE WHITE HOUSE

WASHINGTON

SITUATION ROOM NOTE

May 29, 1984 (72475

Soviets Desire Increased Tension with U.S.

25X1 the President and his advisors have skillfully avoided a confrontation with the Soviet Union, be it verbal or otherwise. This has increasingly angered the Soviet Union, since Moscow wants to dramatize the international situation by provoking the U.S. into bellicosity which could then be portrayed to the world, and especially Western Europe, as proof that Washington is to blame for the present confrontational atmosphere.

Moscow's goal is to create a climate of fear which would prompt at least one NATO country to call for a withdrawal of the Pershing and cruise missiles, and stir public opinion against the U.S.

25X1 the U.S. had avoided Soviet efforts and defused opportunities for heightening international tension in what he characterized as a skillfull manner. As two recent 25X1 examples, cited the "clever" way in which the White House responded to Ustinov's recent announcement that Soviet missile submarines had moved closer to the U.S. in response to the deployment of the INF, and the way the U.S. has handled the Sakharov affair so far. However, Moscow may deliberately aggravate the Sakharov affair in a continued effort to provoke the U.S. 25X1

DECLASSIFY ON: CLASSIFIED BY CIA



WASHINGTON

SITUATION ROOM NOTE

May 29, 1984

SECRET

Soviets Desire Increased Tension with U.S.

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Moscow's goal is to create a climate of fear which would prompt at least one NATO country to call for a withdrawal of the Pershing and cruise missiles, and stir public opinion against the U.S.

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

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B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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172478 PROFILE SHEET

1 6/1/1984 B1

NSC/S

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

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- C. Closed in accordance with restrictions contained in donor's deed of gift.

RCM:
There's an action memo at Tab III
OBE??
Wilma

Na	National Security Council Th e Whit e House				
23.		System # Package #	<u> </u>		
	SEQUENCE TO	HAS SEEN	DISPOSITION		
Dep. Exec. Sec'y					
Bob Kimmitt		-01			
John Poindexter	$\frac{13}{2}$	TO A			
Tom Shull					
Wilma Hall	4	yn			
Bud McFarlane	5	$-\mathcal{W}$	1		
Bob Kimmitt		``.			
NSC Secretariat					
Situation Room	•				
I = Information A = Action	R = Retain [D = Dispatch N =	No further Action		
cc: VP Meese Baker Deaver Other					
COMMENTS	Should be see	en by:(Date/Time)		
Please wite at	tión memo	by Ken de	roffereid		

84 JIIN P1: 15

NATIONAL SECURITY COUNCIL

172479

NOTEL

CONFIDENTIAL

June 7, 1984

INFORMATION

DECLASSIFIED

ROM H

MEMORANDUM FOR ROBERT C. MCFARLANE

TION WITH OUT ALV

COR NARA DATE/8/13

SUBJECT:

FROM:

Soviet Restriction of Military Liaison Missions

State has sent you a memorandum reporting on the Soviet action May 16 to redefine the Permanent Restricted Areas which apply to Allied Military Liaison Missions in East Germany. State is currently consulting with our Allies concerning an appropriate reaction and will keep us informed.

The new restrictions do not expand the overall area declared off bounds to travel by Military Liaison Missions, but seem to have been redefined to impede our intelligence collection. If retaliation is deemed appropriate, we presumably have the means, with Allied concurrence, to redefine areas in the FRG from which the Soviet military missions are excluded.

deGraffenreid, Lenczowski, Dobriansky and Robinson concur. (See Meno)

Attachment:

Tab I Hill/McFarlane Memorandum

Tab II deGraffenreid Memo

rostil

CONFIDENTIAL Declassify on: Of

United States Department of State

Washington, D.C. 20520

June 1, 1984

MEMORANDUM FOR MR. ROBERT C. MCFARLANE THE WHITE HOUSE

New Soviet Restrictions on Military Liaison Missions Subject: in the German Democratic Republic

On May 16, the Soviets informed Allied Military Liaison Missions (MLM) in Potsdam of newly redefined Permanent Restricted Areas (PRA) which, in the US MLM's view, severely restrict their intelligence gathering capability, although the overall area covered by the PRA's has not increased. Originally set up in 1947 to perform liaison functions between the respective Allied CINCs and the Soviet CINC in the eastern zone of occupation, the three Allied MLMs currently are useful primarily for intelligence collection. (The Soviets have three missions in the FRG.) The last PRA changes were made by both the Allies and the Soviets in 1978.

We are currently examining more closely the new Soviet restrictions with our Allies and assessing their impact on MLM intelligence collection. We are also considering possible courses of action, including formal protests, with our Allies. While the Soviets do not appear to have abandoned their desire to maintain calm in and around Berlin during the present period of East-West tensions, Soviet and GDR actions regarding Berlin will need to be observed especially carefully.

Factors affecting the Soviet sense of timing in issuing the new PRAs are unclear. The precise delineation of the redrawn PRAs indicates that they must have been under preparation for quite some time, and are intended to prevent Allied MLM intelligence collection as much as possible. In April, there was an exchange of letters of protest regarding Soviet actions toward US MLM officers, while during the same period, an article appeared in the <u>International Herald Tribune</u> which called attention to the MLMs' intelligence capability. At a time when overall relations are poor, these events may have precipitated the Soviet decision to restrict further the MLMs.

We discussed these matters at an Inter-Agency meeting May 24, and have tasked agencies to gather more information for a subsequent meeting to recommend next steps. The US, UK, French and FRG Berlin experts discussed possible coordinated reactions at the NATO Ministerial meeting May 28. We will keep you informed.

Executive Secretary

Ronald Reagan Library

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172481 MEMO 1 6/12/1984 B1

K. DEGRAFFENREID TO MCFARLANE RE SOVIET RESTRICTION OF MILITARY LIAISON MISSIONS

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

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SECRET

177482

USSR-EAST GERMANY: Permanent Restricted Areas. (U)

DIA REVIEWED 30-May-2008: SANITIZED FOR RELEASE IN PART.

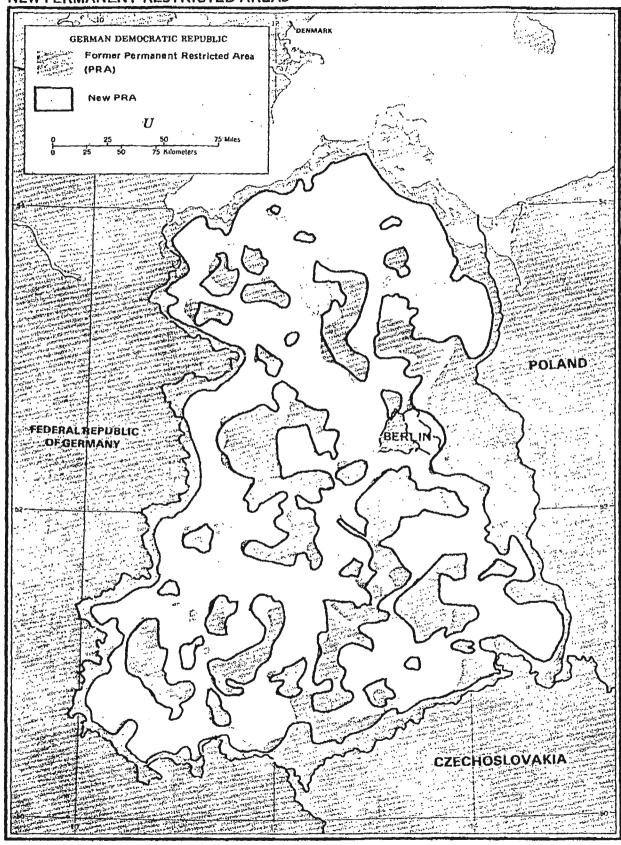
- (C) Recent changes to the permanent restricted areas (PRAs) in East Germany will impose significant constraints on the operations of the Allied Military Liaison Mission.
- (C) All boundaries of the new PRAs, which were effective 15 May (DIADIN 139-14A, 18 May), are formed by recognizable geographic or manmade features to eliminate past ambiguities. The new PRAs roughly coincide in both location and combined area with those previously in effect but have been skillfully adjusted to enhance Soviet operations security. In addition, the Soviets also simultaneously imposed new restrictions that prohibit stopping on autobahns when traveling through a PRA and deny access to all nonautobahn roads forming the boundaries of a PRA.
- (C) In general, the interior PRAs have been expanded or combined, and those in the border areas have been reduced. This closed a number of gaps between PRAs that were previously exploited to monitor units moving between training areas. In the most striking examples, a number of former PRAs have been combined to form two unbroken bands of denied area 150 km or more long. A few minor interior PRAs associated with East German installations or training areas have been eliminated.
- COMMENT: (C) The new PRAs include a large number of garrisons, training areas, airfields, and associated observation points traditionally exploited by the missions. The Soviets' skillful manipulation of the boundaries to deny access to these areas belies a sophisticated appreciation of their vulnerabilities and past Allied mission operations patterns. The new PRA network will also seriously restrict the movement of mission vehicles throughout East Germany by making long-distance travel practical only on the autobahns. This canalization will aid Soviet efforts to monitor mission activities, making it difficult to approach target areas undetected.
- (S) This is the 10th PRA adjustment imposed since their inception in 1951 and the 1st extensive revision in the past 10 years. The Soviets offered no explanation for the changes; however, it is clear they were carefully crafted to address longstanding Soviet security concerns. In addition, the announcement of the changes may be intended to further demonstrate to the West the consequences of continued strained relations with Moscow. (DECL OADR)

DIADIN 157-	17A as of 1738 EDT 5 Jun 84				
Prepared by					
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6 Jun 84	MARA DATE 418415				

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Page 3

NEW PERMANENT RESTRICTED AREAS



CI-GC-1-6/80

DIN 157-17A, 5 Jun 84

SFCRFT

TO

POINDEXTER

FROM MATLOCK

KEYWORDS. USSR

HUMAN RIGHTS

SEMYONOV, ALEXEI

SUBJECT: APPT REQUEST W/ POINDEXTER FOR SON - IN - LAW OF SAKHAROV 1 JUN /

TALKERS

ACTION: FOR INFORMATION

DUE:

STATUS IX FILES PA

FOR ACTION

FOR CONCURRENCE

FOR INFO

POINDEXTER

COMMENTS

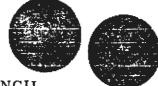
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ACTION OFFICER (S) ASSIGNED

W/ATTCH FILE DISPATCH

MEMORANDUM





NATIONAL SECURITY COUNCIL

ERDENTIAL

June 1, 1984

INFORMATION

MEMORANDUM FOR ADMIRAL POINDEXTER

FROM:

JACK MATLOC

SUBJECT:

Your Meeting with Alexei Semyonov

3:00 P.M., June 1, 1984

Semyonov is a son-in-law of Mrs. Bonner (therefore step son-inlaw of Sakharov) and lives in Boston. He has been pressing hard for actions to save Sakharov and has spoken to me on the telephone several times. He has also met with Mark Palmer and perhaps others at State.

Your meeting will be essentially a hand-holding operation, to assure him that we are doing all we wisely can, and trying to avoid actions which could make the situation worse.

Semyonov will probably float several ideas of steps we could take. One he has mentioned would be to offer to delay INF deployments if Bonner is allowed to travel. He probably has others, most of which will be things that we have already done or else are impractical, but I believe you should hear him out, him know if some are totally impossible (such as involving deployments), but tell him we will give the most careful consideration to the others.

A list of suggested general talking points is attached.

Attachment:

Tab I Suggested Talking Points

4433 42

SUGGESTED TALKING POINTS FOR SEMYONOV

- -- The President, and all of us, are deeply concerned about the situation Academician Sakharov and Mrs. Bonner face.
- -- We have been trying to do all we can to encourage a humanitarian resolution.
- -- We feel that it could make the situation worse if we make the issue a test of strength between the U.S. and the Soviet leadership, since this could make it more difficult for them to make the right decision.
- -- However, we have left no stone unturned to make sure the Soviet government knows how strongly we feel about the situation and the negative effects a tragedy would have for the US-Soviet relationship.
- -- We believe other countries can be very helpful and have done all we can to encourage other governments to bring pressure to bear.
- -- We will not give up our efforts, and are always ready to consider new ideas.