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Last Updated: 12/4/2023

Briefing Paper
for
Breakfast Meeting
With CEO's
on
International Trade Issues

December 16, 1982 -
8:30 a.m.

DISC

- o USTR, Treasury, and Commerce are currently developing a alternative to the DISC which would be consistent with our GATT obligations and provide equivalent tax benefits for U.S. exporters.
- o The DISC has been under attack by the European Community as an illegal export subsidy since it was enacted in 1971. This past October at a meeting of the GATT Council, USTR agreed to amend the DISC to satisfy the concerns of our trading partners.

Agricultural Export Subsidies

- o The EC through its Common Agricultural Policy has been subsidizing the export of its agricultural products. The U.S. at the recent GATT Ministerial sought a phase out of these subsidies but was unsuccessful.
- o The CCCT is considering a proposal to provide a war chest of \$900 million to subsidize U.S. agricultural exports. It has also been suggested by USDA that the Administration consider selling excess dairy stocks at below market prices in international markets.

Export Financing

- o The funding level of Ex-Im Bank will be considered by the CCCT. A number of options are under consideration which would provide different mixes of direct credits and guarantees. USTR has also proposed that the Ex-Im Bank be authorized to provide targeted interest rate subsidies to meet foreign subsidized competition where appropriate.

Antitrust

- o The CCCT is considering a proposal to initiate review of antitrust laws (to be conducted by the Justice and Commerce Departments) to assess the implications of broadening, when appropriate, the market share concept to include world market share calculations in mergers and acquisitions.

- o The CCCT is also reviewing the desirability of proposing legislation which would encourage joint R&D activity by removing unnecessary antitrust barriers.

Research and Development

- o The CCCT is considering a proposal to establish a Presidential Council on Innovation to provide advice and information on national (public and private) R&D priorities, taking into consideration foreign government technological policies and programs.
- o The CCCT is also considering whether tax provisions affecting R&D should be modified or clarified to strengthen their contribution to the process of innovation.

State Export Financing Programs

- o The Administration has been approached by a number of states which wish to establish export financing facilities utilize federal tax exemptions and other special tax status. The CCCT is considering the Administration's response to such requests.

Trade Adjustment

- o The CCCT is considering the objectives of an adjustment assistance program for trade impacted workers in firms.

New Negotiating Authority

- o The CCCT is considering whether the Administration should continue to seek authority from the Congress to negotiate reductions in tariffs and reductions or elimination of barriers to trade in services, high technology and foreign direct investment.

Renewal Legislation for Generalized System of Preferences

- o The CCCT is considering whether the Administration should seek authority from the Congress to extend the U.S. Generalized System of Preferences (GSP) which will expire in January 1985.

Japan (Houdaille Petition)

- o An interagency task force chaired by USTR is reviewing Houdaille's request for suspension of the investment tax credit for NC machine tools in response to alleged unfair trade practices. The interagency task force will be presenting its analysis to the Cabinet-level Trade Policy Committee within the next few weeks.