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Department of State  
Bureau of Economic Affairs  
E Staff Minutes  
January 21, 1966

Mr. Solomon presiding

1. Finance Mr. Cooper mentioned the following meetings. Working Party Three will meet Friday and Saturday in Paris. This will be a routine meeting. On Monday and Tuesday of the following week the Deputies of the Group of Ten will meet for their first negotiating session. Each country or group of countries has been asked to put in a position which will provide the basis for the negotiations. The US has a paper and Mr. Deming will circulate it. At the end of the week there will be a discussion of a staff paper on adjustment process. Mr. Cooper has asked Mr. Katz of OT and others in E to look at various parts of that paper and give their reactions. The proposals in the paper could call for some far-reaching changes in our traditional position on trade policy but it is premature at this stage to make any predictions as there is considerable criticism of the paper.

2. SEC Regulations Mr. Cooper said that SEC would like to issue its new regulations on securities as soon as possible. We have had lots of trouble with Canada on these, however, and have asked the SEC to hold up the regulations to see if we can resolve this problem with Canada. Mr. Solomon thinks that two weeks would be ample time. He mentioned that the UK had also sent a protest on the SEC regulations.

3. Customs Valuation on Sneakers There is meeting at the White House this afternoon on the ASP valuation practices for customs purposes on canvass rubber footwear--sneakers. Customs used to take the highest US selling price as a basis and this was challenged by importers several years ago. A study was undertaken and new guidelines were proposed whereby the same valuation practices would be used for sneakers as for chemicals, i.e., the normal wholesale price is used. Secretary Fowler wants to issue the new guidelines. There has been, however, a surprising amount of Congressional

pressure

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pressure. Secretary Wirtz has taken the issue to the White House. He seems to be less concerned about the idea of injury to the domestic industry and more interested in this as possible leverage in relation to the price increase on shoes. Our immediate interest, Mr. Katz said, is to get the matter settled so the ASP study for the KR can go forward. He does not see, however, that State needs to get involved at this point. Mr. Roth will be at the White House meeting.

4. Aircraft Trade OT has sent a memo on aircraft to Mr. Solomon, Mr. Katz continued. Industry representatives have been in to talk to OA. The industry seems to be on the verge of changing the rather liberal position it has taken in regard to the Kennedy Round and to be going in the direction of favoring bilateral solutions. For the moment we seem to have kept the industry from pressing this new line on the basis that we plan to move forward right away on this.

5. Legislation Mr. Katz mentioned the bill to eliminate the duty on tropical hardwood which we have been pressing in fulfillment of a commitment made at the Ministerial meeting in 1963. The bill is going forward and not encountering much opposition. Mr. Solomon said that Secretary Wirtz had talked with Meany on the East-West trade bill. Secretary Wirtz was generally optimistic about being able to neutralize Meany's opposition.

The new Food for Peace legislation has gone to the Bureau of the Budget and State will be asked to comment, Mr. Fried said. State and AID will send separate comments to the Budget Bureau. Mr. Fried thinks State should make clear that we go along with the bills but think it would be helpful to establish new procedures in line with the new purposes of the act to make sure we get the most effective use of Food for Peace as an integrated part of economic development and our b/p objectives. Mr. Katz said that Mr. Greenwald might make use of this at the meeting of the UNCTAD-FDB III.

6. Textiles We have Secretary Wirtz the go-sign to take up with the Japanese Ambassador the question of a limitation on importation of suits from Japan, Mr. Solomon said. Wirtz was asked not to take a rigid position on the level, however.

7. New Director for OA Mr. Bolster arrives today and will be the new Director of OA, Mr. Loy reported.

Aviation

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- 3 -

8. Aviation Negotiations We have asked for a two-week delay in the air negotiations with the UK which were scheduled for February 14. The meeting of the statistical working group revealed some differences between us on some statistics and we will need to get up some more data. The negotiations are scheduled for February 28.

Before Christmas the Italian Ambassador came in to complain about US-Italian aviation arrangements, Mr. Loy continued. Under Secretary Mann's office indicated yesterday that Mann plans to call in the Ambassador to present a reply. EUR has recommended a soft line looking toward another negotiation. OA will send a paper to Mr. Solomon that takes a somewhat different line. Mr. Solomon noted that Mr. Mann leaves this week-end and will be away for two weeks.

9. Commodities Mr. Greenwald called last night to say that cocoa is coming up again at the meeting of TDB III. Mr. Fried said to wait and see what the proposal is. He doesn't believe we will have much trouble.

Mr. Solomon said that cocoa and the tin agreement had been discussed in his talk with Senator Douglas. Mr. Solomon also plans to see Senators Symington and Fulbright.

10. US-Canadian Economic Committee The Joint US-Canadian Committee on Trade and Economic Policy will meet March 4-5, Mrs. Gold said. There will be a meeting tomorrow to set up procedures and plans for the meetings.

11. Trade Study Mrs. Gold told of the meeting with Mr. Roth to talk about organizing a study to submit to the newly formed OECD Special Trade Group.

12. Catalyst Technology for USSR Mr. Wright said that Commerce is pressing for State's position on granting a license to the USSR for technology for a catalysts plant. Commerce is opposed to granting the license. After a discussion of what is involved, Mr. Solomon said that he thought he would have to stick to his earlier position that we should not twist the arms of Commerce on this. He will talk to Mr. Wright this afternoon and then with Mr. Stoessel of EUR. For his talk with Mr. Stoessel, Mr. Solomon asked for a list of the licenses that we have granted the USSR recently as this will show that quite a lot has been released.

Shipping

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- 4 -

13. Shipping to North Viet Nam Mr. Solomon said that the White House has approved the NASM which will have the effect of barring US-financed government cargoes to free world ships in North Viet Nam trade. This is similar to the NASM on Cuba.

14. Press Account of Chilean Copper Price Mr. Fleischer mentioned the account in today's Wall Street Journal that the Chilean Government has agreed to sell copper here for 36 cents a pound. Mr. Solomon said that the press guidance should be handled carefully so as not to make a problem in Chile and yet to make clear to the US public and Congress just what is involved. He asked to see the guidance.

15. Business Affairs The following items were submitted for the record. Mr. Braderman attended the first meeting of the Department's Training Advisory Committee last Monday. The purpose of the Committee is to determine Foreign Service training needs and priorities and to project requirements for the next five years. Mr. Braderman represents E on this committee.

Last Monday in New York, Mr. Braderman attended a session of the Council of Foreign Relations on business-government relations in the field of foreign economic policy. There was a wide-ranging discussion of problems in this field. Also discussed was the possibility of publishing a book on the subject, but no decision was made.

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