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THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: Tuesday, March 16, 1976 Time:

FOR ACTION:

- ✓ JAMES CANNON (Domestic Council)
- ✓ Michael DUNN (CIEP)
- ✓ WILLIAM HYLAND (NSC)

cc (for information):

WILLIAM SEIDMAN (EPB)

FROM THE STAFF SECRETARY

DUE: Date: Friday, March 19th

Time: 12:00 noon

SUBJECT:

WORK PLAN FOR NEXT THREE MONTHS

*Jemgane  
copy to Jones  
Hergen*

*3 additional copies  
given to Jem C. 3/23*

ACTION REQUESTED:

- |  |             |   |
|--|-------------|---|
| <input checked="" type="checkbox"/> For Necessary Action | (see below) | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief        |             | <input type="checkbox"/> Draft Reply              |
| <input type="checkbox"/> For Your Comments               |             | <input type="checkbox"/> Draft Remarks            |

REMARKS:

WOULD YOU PLEASE PREPARE BY 12:00 noon FRIDAY, MARCH 19th, A WORK PLAN FOR THE NEXT THREE MONTHS INDICATING THE FOLLOWING ITEMS:

- 1) The issues you are dealing with ranked by priority
- 2) Items requiring President's decision
- 3) Items requiring that the President be informed

If you have any questions, please call me (6698)

*C/EP (copy) received 3/19  
NSC ✓  
Cannon ✓*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James E. Connor

WORK PLAN FOR  
APRIL, MAY, JUNE 1976

SECRET

March 22, 1976

MEMORANDUM FOR: JAMES CONNOR  
FROM: WILLIAM G. HYLAND *WGH*  
SUBJECT: Work Plan for the Next Three Months

In response to your memorandum of March 19, we have prepared three attachments listing by area and subject matter:

- the issues we are dealing with (not necessarily in priority order);
- items which will require a Presidential decision;
- items requiring that the President be informed.

Attachments

SECRET/GDS

*KR 3/11/76*

SECRET

I. Major Issues Under Consideration

The Middle East

1. The Peace Negotiations
2. The Situation in Lebanon
3. Military Assistance for Egypt
4. The Spanish Sahara Situation
5. U.S. Security Policy in the Persian Gulf
6. Libyan/Egyptian Relations

Africa

1. Southern Africa issues arising out of Cuban/Soviet intervention in Angola and political changes in Rhodesia and Namibia
2. The Situation in the Horn of Africa specifically our relations with Ethiopia and Somalia and how they will be affected by the coming independence of the French territory of the Afars and the Issas.
3. Economic Assistance to Zaire, Zambia and to the countries affected by the recent drought.

Europe

1. The State Visit of French President Giscard d'Estaing May 17-20.
2. The State Visit of King Juan Carlos, June 2-3, 1976.
3. The Official Visit of Greek Prime Minister Caramanlis, June 15-16, 1976.

East Asia and China

1. U.S. Troop withdrawals from Taiwan in 1976.
2. Our relations with the People's Republic of China.
3. Our relations with North Vietnam.
4. The U.S. Arms transfer policy with the Republic of China.
5. The Micronesian Negotiations.
6. Our relations with the Philippines arising from upcoming military base negotiations.

SECRET/GDS

Latin America

1. Cuba.
2. The Panama Canal Treaty Negotiations.
3. The Panama Canal labor problems.
4. The political evolution of Puerto Rico and its ongoing relationship with the U. S.
5. Human rights problems relating to South America.
6. Arms sales to South America.

Defense and Disarmament

1. SALT
2. MBFR
3. The Threshold Test Ban
4. Nuclear Policy
5. The Defense Program and Budget.
6. The Strategic Stockpile.

General

1. Law of the Sea issues.
2. U. S. policy toward Drug Abuse.
3. U. S. policy toward World Population Problems.

SECRET

II. Major Items Requiring the President's Decision

The Middle East

1. Military Assistance for Egypt.
2. U. S. Security Policy in the Persian Gulf
3. U. S. -Jordanian relations (King Hussein will visit Washington March 30-31).
4. Decision may be required on the Middle East negotiations.

Africa

1. Southern African issues.
2. U. S. policy toward the French territory of Afars and Issas (FTAI)

Europe

1. U. S. -Greek Bases Negotiations
2. U. S. -Turkish Bases Negotiations

East Asia

1. Our future policy toward the Republic of China including the supply of military equipment and the reduction of our military presence.
2. Our future policy toward Korea.
3. The level of U. S. military forces in the Philippines.
4. Long Term U. S. Policy in the Asia-Pacific area.
5. U. S. policy in future negotiations with the Trust Territories of the Pacific.
6. U. S. policy toward North Vietnam.

SECRET/GDS

Defense and Disarmament

1. The nuclear deployments plan.
2. Instructions to the U. S. delegation to the Spring Standing Consultative Commission Session.
3. Strategic stockpile planning guidelines.
4. The FY 77 supplemental for a Navy shipbuilding program.
5. Action on the ABM Treaty Protocol.
6. Submission of the Threshold Test Ban Treaty and PNE Agreement to Congress for ratification.

Science and Technology

1. Possible nuclear agreements with Iran, Brazil, Egypt and Israel.
2. Whether or not to classify certain nuclear information.
3. Action on recommendations to modify existing policy on international space cooperation and export.

Intelligence

1. Approve revised National Security Council Intelligence Directives.

General

1. A new Executive Order on the classification and declassification of Government documents.
2. To sign or veto 200-mile fisheries legislation
3. To sign or veto foreign economic and security assistance appropriations legislation.
4. To sign or veto the International Security Assistance and Arms Control Act.



SECRET

III. Items Requiring that the President be Informed

- the situation in Lebanon and the Spanish Sahara
- UN Debate on the renewal of the UNDOF from the Syrian front
- The general situation in the Middle East
- The ongoing situation in Angola, southern Africa and the Horn of Africa
- Congressional actions regarding the 200-mile fisheries legislation
- Progress of UN negotiations on the Law of the Sea
- Developments in European Community consideration of the Tindemans report on European Unity
- Progress report on European Security Conference (CSCE) implementation
- Steps being taken by the Justice Department to cut down on the illegal movement of Arms to Northern Ireland
- The Panama Canal Treaty Negotiations and labor problems
- Cuban activities internationally
- Congressional hearings on human rights questions and military assistance to Latin America
- economic and military base negotiations with the Philippines.
- negotiations with Guam and Micronesian districts
- Internal developments in the People's Republic of China

SECRET/GDS

- the status of the SALT and MBFR negotiations
- Congressional action on FY 77 economic and security assistance authorization and appropriations
- Arab boycott legislation
- Congressional action on the Spanish base treaty
- Congressional action on the DOD authorization and appropriations

CIEP

COUNCIL ON INTERNATIONAL ECONOMIC POLICY  
WASHINGTON, D.C. 20500

March 19, 1976

MEMORANDUM FOR JAMES E. CONNOR

SUBJECT: CIEP Work Plan

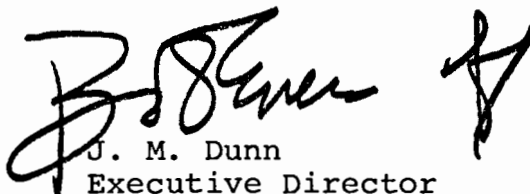
As requested, attached is the CIEP work plan of principal activities upcoming for the next three months. The items are ranked by CIEP's priority; specifically:

1. Items requiring the President's decision
2. Items requiring that the President be informed
3. Other CIEP priority issues

It is noted that items in the report which are expected to have an impact on the Economic Policy Board's work plan have also been provided Mr. Seidman's office.

I have assigned Bob Evers, our Assistant Director for Operations, as action officer for the Work Plan.

If you have any questions, please do not hesitate to call me.

  
J. M. Dunn  
Executive Director

QUARTERLY WORK PLAN

April, 1976 - June, 1976

This summary report presents the current status of significant international economic policy issues in which the Council on International Economic Policy is currently engaged, and which are projected to be under consideration within the Administration during the ensuing three-month time period.

CIEP WORK PLAN

I. Items Requiring the President's Decision

A. ECONOMIC POLICY ISSUES

1. COMMODITY ISSUES

a. Specific Commodity Agreements: Tin

Renegotiation of the Fifth International Tin Agreement was concluded on June 21, 1975. U.S. initiated the Agreement in March. The signed Agreement will be forwarded to the President for his submittal to the Senate.

b. Specific Commodity Agreements: Sugar

The International Sugar Organization met in November, 1975, regarding basic provisions for a new International Sugar Agreement (ISA). Both importers and exporters called for a "traditional type agreement" with supply management through export quotas supplemented by an intervention stock to defend price. They agreed to schedule ISA negotiations for September 13 through October 15, 1976. The U.S. is not a member of the ISO, but has publicly indicated its intention to participate in the negotiations. The EPB has directed CIEP to chair a study group composed of members of the Agricultural Policy Working Group to prepare a study and options paper on U.S. sugar policy including options on U.S. participation in a new ISA.

The working group plans to have the study and options paper ready for EPB review by March 31, 1976.

## 2. EAST-WEST TRADE

### a. Presidential Determinations on Eximbank Loans to Communist Countries

The Export-Import Bank Act of 1945, as Amended, requires that the President make separate determinations that, with respect to each transaction in which the Eximbank makes a loan of \$50 million or more to a Communist country, such a loan is in the national interest. There have been no such cases thus far, but three loans of \$50 million or more are now pending at Exim: two for Poland and one for Yugoslavia. Exim is working with CIEP on the Presidential determinations that may be required.

Exim is now prepared to grant a loan of approximately \$69 million to Poland for construction of a television tube plant, and this case will come to the President for a national interest determination in March.

### b. Economic Policies for Eastern Europe

State has proposed modification of the 1973 White House decision memorandum on "Economic Policies for East European Countries". The modification is being sought to take into account developments in Eastern Europe and in our economic and political relations with these countries in the past two years. NSC and CIEP have recommended that the proposed modification be coordinated through the Working Group of the East-West Foreign Trade Board.

After formal interagency clearance (later this spring), the proposed new guidance will be submitted to the President for decision.

### 3. ENERGY ISSUES

#### a. Conference on International Economic Cooperation

The Conference on International Economic Cooperation met at ministerial level in December 1975 and launched a year-long dialogue between 27 countries from the developed and developing worlds. The dialogue on world economic issues will be conducted in 4 commissions: Raw Materials, Development, Energy, and related Financial Affairs. The Commissions have met monthly at expert level since January. In May the CIEC will not meet as the focus shifts to the UNCTAD.

U.S. strategy is to show progress in the CIEC meeting with the hope of putting off debate on substance at the UNCTAD. The less-polemical CIEC is seen as a better vehicle for arriving at concrete solutions to the problems identified in the 4 Commissions. The other participants in the CIEC appear to want to make substantial progress in the early phases of the CIEC so that substantive debate can take place in the UNCTAD.

The President may be required to approve any new initiatives the U.S. may wish to offer in the CIEC.

### 4. FOOD ISSUES

#### a. Long-Term Grain Agreements

The announced agreement with the USSR on long-term U.S. grain exports caused some concern about a shift in U.S. grain export policy. A policy statement, approved by EPB in December, 1975, makes it clear that U.S. policy has not changed, that the agreement with the Soviets is unique and deals with a special case, and that there is no need for other traditional customers to seek such an agreement or alternative sources of supply.

#### b. Sugar Policy

In December 1975, the EPB directed CIEP to chair an interagency study group to prepare a study and options paper on U.S. sugar policy, including: (1) U.S. participation in an International Sugar Agreement; (2) U.S. posture toward sugar in the MTNs; and (3) whether or not the 7 million ton global quota should be reduced. The options paper, accompanied by the study, is targeted for submittal to the EPB through the Agricultural Policy Working Group on March 31, 1976.



c. Palm Oil

U.S. imports of palm oil, mainly from Malaysia, totaled 757 million pounds during 1974-75, more than double the previous year. Soybean oil use declined during this period causing U.S. industry concern about the inroads made by palm oil in the domestic food fat market. Price has been the main advantage of palm oil over soybean oil and other domestic food fats. The National Soybean Processors Association and several Congressmen have complained that much of the foreign expansion in palm oil production has been financed by international financial institutions supported by the USG. They are asking the administration to impose restrictions on palm oil imports.

The Agricultural Policy Working Group has established a Palm Oil Study Group, chaired by CIEP, to determine the facts of the situation and to identify and evaluate available policy options. The study group will report on April 7, 1976. A more exhaustive study of the vegetable oil situation by USDA/ERS is to be completed by late June.

## 5. DEVELOPMENT ISSUES

### a) World Bank Selective Capital Increases

The World Bank management has proposed a selective capital increase in tandem with the proposed increase in IMF Quotas. The objectives of the selective increase are to: (1) rearrange relative shares of Bank ownership in accordance with the IMF Quota adjustment; and (2) delay the necessity for a general capital increase by two years.

A decision on this complex issue requires an intense review of Congressional attitudes and Bank policy, especially the rapid growth of the Bank's lending program, the size of future lending programs, and the nature and level of interest rate changes. The Bank's Board of Directors is expected to review these issues in early April. It is not now clear whether a U.S. commitment of funds will have to be made at that time.

The President's decision is required on a U.S. position for the April meeting of the Bank's Directors if it is determined that the U.S. will be asked, or will want, to make a funding commitment at that time.

### b) Legislative Authority for FY 1978 Multilateral Lending Institutions

There is a legislative requirement that the President submit to Congress by May 15 requests for new legislative authority on all FY 1978 spending items. U.S. Executive Branch agencies are now considering replenishment in FY 1978 of a number of multilateral lending institutions. In the case of several of these replenishments -- for the World Bank selective capital increase, the International Development Association, and the Asian Development Banks -- the proposals have been made which would require U.S. appropriations in FY 1978 at a funding level higher than that previously approved by the President.

The President's decision will be required, presumably in late April, on FY 1978 budget requests for these institutions, in order to meet the May 15 deadline.

6. INTERNATIONAL FINANCE

a) OECD Financial Support Fund

The agreement to establish the Support Fund originated in parallel proposals developed by the US and by the Secretary General of the OECD. Signed by Finance Ministers of OECD member countries in April, 1975, the Fund provides an essential element of financial cooperation to complement cooperation in economic and energy policy on the part of major industrial nations. It is a temporary facility to be used only in the event of demonstrated need by a member.

Hearings have been held both in the House and Senate on legislation that would authorize U.S. participation. U.S. participation in the Fund is deemed essential and the President will be required to sign or veto the final bill.

7. LAW OF THE SEA AND RELATED LEGISLATION

a) Fisheries Legislation

The House approved the 200 mile limit bill on October 9 by a vote of 208-101.

The Senate approved a similar bill on January 28, 1976 with a delayed implementation date of July 1, 1977.

The final bill is now being worked out in conference.

There are indications the President will sign the conference bill if it preserves the delayed implementation date of July 1, 1977.

8. AIR TRANSPORT

a) Transatlantic Route Proceeding

CAB is presently addressing U.S. flag scheduled routes across the Atlantic to Europe, Africa, Asia and the applications of five U.S. carriers for new European authority, the renewal of existing Pan Am and TWA authority, the addition of U.S. gateways to Europe, and the renewal of supplemental carrier certificates. The CAB recommendation to the President is anticipated within the next two months, unless DOT should petition (and the Board agree) to reopen the record.

Senate hearings on the President's aviation regulatory reform proposal begin April 6; House hearings begin a week later. Both forums could be used to critique the Executive's handling of the Transatlantic Route Proceeding and there are reports that the Congressional committees already are planning to inquire about the Presidential review process.

If the case is submitted to the President before DOT's new economic route analysis is made a part of the record, the President will be required to decide whether to return the case to the Board for consideration of DOT's economic route analysis or to proceed to review the case.

## A. GENERAL

### 1. INTERNATIONAL ECONOMIC POLICY ISSUE SUMMARY

CIEP prepares a periodic publication summarizing the current status of significant international economic policy issues under consideration within the Administration. The next report is scheduled for distribution March 22, 1976.

### 2. EPB/CIEP QUARTERLY REVIEW

The Economic Policy Board and the Council on International Economic Policy are scheduled to meet quarterly for a review of domestic and international economic matters; particular emphasis is given to items requiring the President's decision or information. CIEP will propose that the next such review of international economic policy issues be scheduled for late April 1976.

## B. ECONOMIC POLICY ISSUES

### 1. COMMODITY ISSUES

#### a) Commodity Policy Review

The EPB/NSC Interagency Task Force on Commodities completed its initial draft review of U.S. commodities policy for selected non-fuel minerals. The Commodity Policy Coordinating Committee (CPCC) has assumed overall day-to-day responsibility in this area. Matters currently under review include buffer stock policy, formulation of a comprehensive approach, and preparation of U.S. position at the CIEC Raw Materials Commission meetings.

#### b) Role of World Bank in Minerals Development

Specific US proposals for two principal issues will soon be put before Executive Directors of the World Bank: (a) an increase in World Bank financing of resource investment, and (b) an expanded International Finance Corporation role in facilitating joint ventures for mineral projects.

c) IMF Compensatory Facility

The U.S. has proposed a substantial liberalization of this facility. The IMF Executive Directors have agreed on the details (i.e. expanded quota limits and more liberal formulas for calculating compensable shortfalls) which were reflected in a decision of the Executive Board announced in December 1975.

d) Specific Commodity Agreements: Coffee

A draft text of the Third International Coffee Agreement (which is based on an export quota system) was approved by the International Coffee Council on December 3. The Agreement will be open for signature at the UN until July 31, 1976, and will enter into force on October 1, 1976. After analysis by the CPCC, the EPB recommended that the U.S. join the Agreement. Secretary Kissinger announced on February 19, 1976, the Administration's decision to seek the advice and consent of the Senate for U.S. participation in the Agreement.

The Presidential message to the Senate requesting its advice and consent for U.S. participation in the Coffee Agreement is being prepared.

## 2. TRADE ISSUES

### a) Preferential Treatment for LDCs

As authorized under the Trade Act of 1974, on November 24th, President Ford issued an Executive Order implementing the Generalized System of Preferences, effective January 1, 1976. This list contains more than 2700 commodities affecting 98 countries and 39 territories. The President should be kept informed of developments requiring future decisions.

### b) Escape Clause Action on Shoe Imports

On February 20 the International Trade Commission (ITC) found that non-rubber footwear is being imported into the U.S. in such increased quantities as to be a substantial cause of serious injury to the domestic U.S. shoe industry. Recommendations for relief included higher tariffs, tariff-quotas, or trade adjustment assistance. Informal consultations with the major shoe exporters (Brazil, Italy, Japan, Korea, Spain and Taiwan) have been held.

Since a majority of the Commission did not recommend one single remedy in this instance, there is no ITC recommendation as such in this case. This complicates the role that Congress might play in any override action it might attempt. The President apparently can choose to make the recommendations of the three Commissioners, who recommended higher tariffs, the recommendation of the ITC as provided under Section 330-d of the Tariff Act of 1930 as amended. However, this action is entirely optional with the President. It is also likely that should the President provide some other form of import relief, no Congressional override would occur. On the other hand, should the President decide to provide no relief, it is technically possible for Congress to override under Section 203-a of the Trade Act, but it is unclear what actions Congress would be empowered to take to provide relief.

Within the shoe industry there are some sharp divisions of opinion. The American Footwear Industries Association, who filed the petition, is a strong spokesman for import limitations. On the other hand, the Volume Footwear Retailers of America has argued against relief in this case.

An Interagency Task Force, chaired by STR, is preparing a staff paper. Presidential decision is due April 20.

c) Anti-dumping Investigation of Foreign Automotive Imports

The Treasury Department has initiated a formal anti-dumping investigation to determine whether autos from Belgium, Canada, France, Italy, Japan, Sweden, West Germany and the U.K. are being sold at less than their normal value in the U.S. On September 8, the International Trade Commission concluded that there was not a reasonable case of no-injury and that the Treasury study should be continued. Treasury is now carrying on its investigation and a decision is now expected by May 11, 1976.

d) Escape Clause Action on Specialty Steel Imports

On January 16 the International Trade Commission (ITC) issued its findings of its investigation of an escape clause petition filed by the domestic specialty steel industry and the U.S. steelworkers. The ITC found that specialty steel is being imported into the U.S. in such increased quantities as to be a substantial cause of serious injury. A majority of the ITC recommends that quotas on specialty steel imports be established for five years. On March 16 the President announced his decision to seek orderly marketing agreements with our major trading partners. Should this not be possible, the President will proclaim import quotas to run for three years to take effect no later than June 14.

e) Services Sector within the MTN

CIEP has established an interagency committee under the chairmanship of the Department of Commerce to undertake a study of the role of the services sector in U.S. trade. This study would be coordinated with the services industries themselves and would address particular items of significance to U.S. services industries, identifying some of the major problems they face in conducting international commerce and set forth some appropriate solutions to these problems. The first meeting of the Task Force was held on March 15.



f) Textile Imports

Increasing textile imports from the Peoples Republic of China (PRC), with whom we do not have a textile agreement, present a threat to the U.S. textile industry. The sharp increase of these imports in the past six months has resulted in growing congressional concern.

The Textile Trade Policy Committee will consider possible solutions.

3. EAST-WEST TRADE

a) East-West Foreign Trade Board

The Board held its fifth meeting February 23 to discuss the prospects for remedial legislation on Jackson-Vanik/Exim credits, the scheduling of the U.S.-Soviet Commercial Commission meeting, and the status of U.S.-Soviet negotiations on an oil agreement. The Board's Working Group continues to meet semi-monthly to review USG credits and technology transfers to nonmarket economies, as required by law, and to consider policy issues in East-West trade. The Board's fourth quarterly report will be submitted to the Congress by the end of March, 1976.

The Secretary of Defense was added as a member of the East-West Foreign Trade Board by the President's Executive Order 11894 of January 3, 1976.

b) Remedial Legislation on Jackson-Vanik Amendment

State and Treasury have been consulting with Congress on the prospects for legislative action on Jackson-Vanik and Eximbank restraints on East-West trade. The secretary of State testified before the Senate Finance Committee on January 30, 1976, that the situation in Angola made the present time inappropriate for immediate movement on remedial legislation.

A decision as to when to submit remedial legislation, if at all, is also being postponed pending more positive movement by the Soviets on the emigration issue.

c) Technology Transfer to the USSR

The NSC Under Secretaries Committee has undertaken a study of the "Significance of Soviet Acquisition of Western Technology." A draft report continues to undergo interagency review. State has the lead.

The report, together with appropriate recommendations, will be sent to the President for consideration early next year.

The GAO recommended that the Chairman of the East-West Foreign Trade Board designate CIEP to lead a new study, but no decision has been made.

d) COCOM Export Controls

The fifteen-nation Western policy coordinating committee (COCOM) on strategic export controls has completed the fourth round of a review of the international strategic embargo list. The U.S. continues to attach importance to COCOM as a means of safeguarding the mutual security of the member countries, and is urging its COCOM allies to pay close attention to their compliance activities with respect to existing controls.

The State Department has suggested that, in the wake of the 1975-76 COCOM List Review which required Presidential resolution of one important issue, and the recent UK decision to sell military aircraft engines and technology to the PRC outside COCOM, the future of COCOM should again be reviewed.

A number of recent episodes suggest illegal avoidance of COCOM by U.S. firms. In December 1975, Secretary of Commerce Morton ordered a study of such violations and proposed remedies to be completed by May 1976.

e) Implementation of the CSCE Final Act

The NSC Under Secretaries Committee is monitoring the implementation of the CSCE Final Act, with special attention to fulfillment by the Communist countries of their commitments. The first Committee report has been completed and further reports will be prepared on a quarterly basis. State has the lead.

Information item; the report will be submitted to the President for his review.

f) Economic Agreement with Romania

In accordance with the wishes of the President, our Ambassador in Romania has been authorized to negotiate and conclude a Long Term Agreement on Economic, Industrial, and Technological Cooperation with Romania. Drafts have been exchanged, and negotiations have begun in Bucharest. The agreement will supplement the 1975 Trade Agreement with Romania, and will be the second long term economic agreement with a Communist country (the first was with the USSR).

The President should be informed when the agreement has been concluded, or if any major problems are encountered during the negotiations.

#### 4. ENERGY ISSUES

##### a) Nuclear Issues

These include follow-on work to the enrichment decision and required reporting on safeguards under the Export Administration Act. A forthcoming decision on the use of plutonium in power reactors may also require staffing and information for the President. No specific dates, but probably late spring for enrichment, plutonium, and safeguards for special nuclear materials and reactor fuel.

## II. Items Requiring the President Be Informed

### 6. DEVELOPMENT ISSUES

#### a) Trust Fund

In late 1974 the U.S. proposed an IMF Administered Trust Fund to give concessional balance of payments assistance to the hardest hit developing countries. The U.S. reiterated this position at the IMF Annual Meeting and the Trust Fund was approved at the Interim Committee in Jamaica in January 1976. It will utilize the profits from the sale of one-sixth of IMF gold holdings as well as contributions from IMF members. The Trust Fund is now in the process of being established. Auctions of IMF gold are to begin in the spring. Meanwhile, resolutions have been introduced in Congress which would require return of the gold sale proceeds to contributing member countries.

#### b) Inter-American Development Bank Replenishment (IDB)

The Administration's proposal for \$2.25 billion U.S. participation in a total IDB replenishment of \$6.145 billion for 1977-79 is pending in Congress. The Bill (H.R. 9721) was reported out of the House Banking Committee in early October 1975 without significant changes and passed on December 9, 1975. Senate action on this bill is pending. The House Foreign Assistance appropriations for FY 1976 reduced the contribution to the IDB soft loan facility from \$275 million (the amount previously authorized for the replenishment) to \$200 million.

#### c) Asian Development Bank (ADB) Funding Requirements

##### (1) ADB Capital Replenishment

ADB management has proposed a \$4.96 billion capital replenishment (85% callable and 15% paid-in) for CYs 1977-1981. The proposed U.S. share amounts to a total of \$814 million with four annual installments for FYs 78-81 of \$303.5 million (\$30.5 million paid-in and \$173 callable). This compares to U.S. installments of \$120.6 million annually under the previous replenishment exercise.

Executive Branch agencies disagree on the bank's financial position and consequently, on the U.S. position toward the proposed replenishment. The Bank has been asked to provide the USG with further information on technical aspects of its replenishment proposal. If FY 1978 appropriations are to be sought, decisions on the U.S. position toward the replenishment proposal must be made prior to May 15, the date by which authorizing legislation for such appropriations must be sent Congress.

(2) ADF Replenishment

The ADB has proposed an \$830 million replenishment of its soft loan facility, the Asian Development Fund (ADF), for 1977-79. The Bank has envisioned a U.S. contribution of \$230 million. The U.S. representative to the donors meeting has indicated that, given the recent pattern of \$50 million a year appropriations and the current negative Congressional sentiment toward appropriating funds which might be used in several Communist Southeast Asian nations, it is not likely that the U.S. contributors will be that high.

Treasury and State have agreed on a \$50 million budget request for FY 1977 to pay our first installment in the replenishment and authorizing legislation has been sent to Congress; however, there is disagreement in the Executive Branch on the size of future installments. The issue is further complicated by the fact that the House cut the final U.S. installment of the prior replenishment exercise

in half with its passage of the 1976 Foreign Assistance Appropriation Bill (H.R. 11203) on March 4. A decision concerning total U.S. participation in the current replenishment exercise must be made prior to May 15, the date by which budget requests for FY 1978 must be submitted to Congress.

In H.R. 11203, the House reduced by one-half the Administration requests for ADB Ordinary Capital (\$120 to \$60 million) and ADF Special Funds (\$50 to \$25 million). Senate action is pending.

d) International Finance Corporation (IFC) Capital Increase

During the UN 7th Special Session and the IMF/IBRD Annual Meeting, the U.S. proposed an increase in the IFCs capital resources of approximately \$400 million with \$100-\$125 million U.S. participation. The IFC management's informal paper, calling for a \$480 million replenishment with \$113 million U.S. participation served as the basis of discussion for a preliminary donors meeting in November 1975. The U.S. actively supported the replenishment proposal and participating governments, with the exception of Japan and France, indicated general support for the increase.

At the second donors meeting in January 1976, all the traditional donors (except France) agreed upon the \$480 million replenishment. Although the replenishment resolution will not be accepted by the Corporation's entire Board until later this spring, authorizing legislation was sent to the House on February 25. Hearings on the legislation should be scheduled soon in the House.

The Administration's request for IFC replenishment (S. 3101) providing for \$112 million in appropriations was introduced March 9.

e) IDA Replenishment

The donors met initially in November 1975 to discuss IDA's fifth replenishment (IDA-V); at which the World Bank management focused on the size of IDA-V (\$9 billion). The U.S. indicated its intention to join others in a substantial fifth replenishment of IDA, after Congressional consultations, if OPEC nations also make a significant contribution. The U.S. did not endorse any specific formula for establishing the size of IDA-V; any specific size to be determined on agreed sub-targets for traditional and new donors; or any wording calling for a substantial increase in IDA-IV over IDA-V in real terms. At the second donors meeting in London on February 26, the U.S. representative espoused essentially the same position and most other traditional members were similarly non-committal. Another meeting was tentatively scheduled for June 1976.

The NAC will be considering various options for contributing to IDA-V over a period beginning in either FY 1978 or '79 while, at the same time, making the remaining installments on IDA-IV in FY's 1976-79. Decisions which require appropriations in FY 78 must be made by May 15, the date by which the President is required to make budget requests.


On March 4, the Foreign Assistance Bill passed by the House reduced the first U.S. installment for IDA-IV from \$375 to \$320 million. The issue is pending in the Senate Appropriations Committee.

f) Development Committee

The Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund, established in October 1974, has met five times to review current situations, prospects, and problems of the developing countries and to recommend ways to improve the LDCs economic positions.

During its fifth meeting in January 1976, the Committee reviewed problems associated with the LDCs current account deficit; resource transfers from the industrial countries; aid targets; the use of IMF Trust Fund resources; implementation of the World Bank's Third Window operation; progress on improving LDC access to private capital markets; the need for replenishment of the regular and soft-loan windows of the various multi-lateral lending agencies, and problems connected with commodity price fluctuations.

The continued existence of this Committee will be examined at its next meeting, now scheduled for October in Manila.



g) African Development Fund (AFDF)

The Administration resubmitted a three-year-old budget request of \$15 million for initial U.S. participation in the AFDF and testified in July before the House Subcommittee on International Development Institutions and Finance. The Committee increased the request by \$10 million to bring the U.S. contribution in line with the increased amounts already pledged by other major donors. The Bill (H.R. 9721) as reported out included provisions for \$25 million U.S. participation, a negative U.S. vote on proposals which benefit countries that have expropriated U.S. property, and the combination of the AFDF proposal and the IDB replenishment proposal. The House passed the legislation on December 9. The Senate Foreign Relations Committee reported H.R. 9721 out on March 1 with no changes in the AFDF authorization. Full Senate action is expected soon.

Meanwhile, the AFDF has begun negotiations for its first replenishment. The U.S. has participated as an observer in two such negotiating sessions.

Senate action is pending on H.R. 9721 which passed the House on December 9.

h) Study on USG Lending Guarantees for LDCs

CIEP has initiated a formal study on a proposal to provide LDCs with greater access to U.S. private capital markets through USG loan guarantees.

The USG currently has no fully articulated policy on the question and several agencies (OPIC, Commerce, Treasury, and OMB) requested Administration policy guidance. The topic is also under international consideration in the IMF/IBRD Joint Ministerial Development Committee. Inputs from a CIEP interagency group have been coordinated in a draft circulated to member agencies for review and comment as part of the first phase of this study. Following receipt of specific proposals for a guarantee program and/or other proposals to improve LDC borrower access, CIEP will issue a draft of the concluding phase of this study and, if appropriate, propose recommendations for action by the EPB.



## 6. INTERNATIONAL FINANCE

### B. ECONOMIC POLICY ISSUES

#### a) IMF Interim Committee Report

The Interim Committee of the Board of Governors of the International Monetary Fund met in Jamaica on January 7-8 with the objective of concluding a comprehensive agreement of the current monetary negotiations. Such an agreement was reached. Issues included amended exchange rate provisions of the IMF Articles; implementation of the gold agreement; the Trust Fund; compensatory financing and other aspects of the use of IMF resources; other amendments of the Articles; and new quotas. The IMF Executive Director have been preparing the quota agreement and amendments for transmission to the IMF Board of Governors for their formal vote of approval. After that vote, legislation will be required to authorize the agreed change in the U.S. quota and to accept amendment of the IMF Articles.

#### b) Tax Reform Act of 1975--International Tax Issues

The House passed the Tax Reform Act of 1975 las December. The bill (H.R. 10612) contains the following proposed changes: (1) the foreign tax credit is to be calculated on a worldwide basis, rather than on a country-by-county basis; (2) the foreign tax credit for LDC's is equalized with that for developed countries; (3) tax-free income provisions for U.S. citizens working overseas are eliminated, except for those working for non-profit or charitable organizations; (4) special tax treatment for Western Hemisphere Trading Corporations is to be phased out, with the tax rate raised from 34 percent to the normal 48 percent; (5) DISC benefits were cut back. The 50% deferral will apply to 75% of the increase in exports over a 1972-1974 base period. On the House floor, the provision to repeal withholding taxes on foreign portfolio investment in the U.S. (debt and equity) was eliminated. Repeal of withholding taxes was supported by the Administration and a bipartisan majority in Committee.

The Committee deferred further action on the tax credit and deferral provisions pending the results of a six-month study by the Committee.

## II. Other CIEP Priority Issues

### 7. FOREIGN INVESTMENT

#### a) Expropriation

A major reassessment of U.S. expropriation policy is being conducted by a CIEP interagency group. The group has identified a number of actions which can be taken and approaches which can be pursued to increase the effectiveness of our expropriation policy. Other measures are still under study and CIEP members are reviewing a draft survey of U.S. businessmen's opinion on this issue. Prior to the implementation of GSP in January 1976, the CIEP group completed most of its review of countries eligible for U.S. trade preferences. Decisions are due in late March or early April on the eligibility for GSP on several "grey-area" countries, prior to notification of STR. The Group has accepted STR's proposals for implementing those provisions of the Trade Act which deal with denying GSP to a country which has expropriated U.S. property and is not negotiating in good faith.

## 8. INTERNATIONAL AVIATION

### a) International Aviation Policy Review

DOT/State Steering Committee submitted a proposed draft statement and discussion paper to the EPB Executive Committee on February 24. Further inputs for EPB consideration are being prepared, including the timeliness of such a statement.

This is an information item; the final recommended policy statement, if there is to be one, will be upcoming for the President's decision in April.

### b) Charter Negotiations

The U.S. is faced with a concerted European Civil Aviation Conference (ECAC) effort to shape U.S. charter rules, due in part to a European concern that the rules do not adequately protect scheduled airline operations. State and the CAB find it significant that, despite intense policy differences within its membership, ECAC has maintained a common front against the U.S. charter objectives. This solidarity may affect future U.S. bargaining prospects.

### c) Scheduled Service Negotiations

Two major issues emerge from recent and anticipated bilateral negotiations on scheduled service: capacity controls on traffic and market entry.

Capacity. Recent policy moves toward airline capacity controls and the predetermination of airline services have been made by the U.K., Japan, and several other countries. These moves challenge basic, long-standing U.S. policies on the essential role of competition in promoting quality of service and reasonable tariffs.

Entry. Many Asian, African, and other governments seek access to the U.S. market despite the fact that these routes do not have the depth to support regular services. Such new carriers would have to serve third-country traffic, at the expense of existing services.

### d) Federal Action Plan

DOT reports improved economic viability of U.S. flag air carriers in the areas of route restructuring, service suspensions, unilateral capacity reductions, and capacity agreements; also, mail rates are more compensatory and the "Fly U.S. Flag" program has made a contribution. However, DOT is concerned that progress has been slow in the areas the compensatory fares, tariff enforcement, and reduction of excess foreign carrier capacity.

e) U.S. Landing Rights for Concorde

New York Port Authority has enacted a resolution to ban Concorde operations at JFK. Court review is likely on the grounds that the Federal decision is determining. Air France and British Airways have announced plans to initiate service to New York on April 10; it is unlikely that the legal hurdles can be cleared by that date.

Air France and British Airways have announced plans to initiate service at Dulles on May 24. IATA has decided upon a North Atlantic tariff for Concorde, which is pending CAB approval. Should the CAB suspend the tariff, the CAB's order would be submitted for the President's review.

f) Space Policy

Due in May, an Under Secretaries Committee Study of Space Policy seeks to resolve the economic use of earth satellites with other uses. Many agencies are involved with some conflicting interests, and the issues are of sufficient national interest to warrant Presidential attention.

9. LAW OF THE SEA AND RELATED LEGISLATION

a) Economic Aspects of the Law of the Sea Conference

A number of the proposals being considered at the LOS conference would, if adopted, have substantial economic implications for the US. Among the more important are: (1) proposals for an international authority to oversee deep seabed mining; (2) the creation of a 200-mile economic zone, which would provide exclusive state jurisdiction over living and non-living resources contained therein. LDC proposals for the International Seabed Resources Authority contained in the informal single negotiating text are unacceptable to the United States and are a major obstacle to agreement on a comprehensive LOS treaty. The LDC proposals would allow the Authority to impose production and price controls on deep seabed minerals (copper, nickel, manganese, and cobalt) on behalf of all deep seabed miners.

## 10. MULTINATIONAL CORPORATIONS

### a) Code of Conduct

The OECD continues its work on a code of conduct for MNCs. The UN Commission on Transnational Corporations has begun its work on a code of conduct with work on the actual code, as opposed to a work program, to be initiated in 1977. The OAS has commenced an exercise to develop a code of conduct for MNCs operating in Latin America.

Proposals for a code of conduct on transfer of technology is being actively pursued in UNCTAD. The developed countries (Group B) opposed a legally binding code. The US has taken the lead in attempting to achieve Group B consensus on a set of guidelines to counter the Group of 77 initiatives.

The Senate Subcommittee on Multinational Corporations has concluded hearings. Legislation is being drafted covering disclosure of agents fees and political contributions. Within ECOSOC, a U.S. proposal for a binding agreement regarding disclosure of agents fees and related activities will be examined and developed during 1976 and 1977.

### III. Other CIEP Priority Items

#### A. GENERAL

##### 1. ECONOMIC INTELLIGENCE

A continuing effort to improve key economic intelligence questions is being made by the Intelligence Community Staff. This effort tries to achieve the objectives of the National Security Intelligence Committee and to come to grips with some collection questions.

#### B. ECONOMIC POLICY ISSUES

##### 1. COMMODITY ISSUES

###### a) IMF Buffer Stock Facility

The U.S. has indicated its willingness to review possible expanded use of this mechanism and has agreed to an amendment of IMF Articles of Agreement that reduces the impact of Buffer Stock Facility drawings on a member country's overall IMF position. (Only tin and cocoa have been eligible.) That amendment, along with others agreed to by the Interim Committee in its January meeting, will have to be ratified by legislations of IMF member governments.

###### b) Specific Commodity Agreements: Cocoa

A conference, under UNCTAD auspices, for the renegotiation of the International Cocoa Agreement was concluded in mid-October 1975. The U.S. did not join in the consensus because the provisions of the draft agreement were determined to be unworkable and potentially disruptive to normal market operations. Specifically, U.S. delegates objected to the use of export quotas, rather than a buffer stock as the primary market intervention mechanism, and to the price range of 39 to 55 cents per pound, which was considered too high.

In December, the EPB accepted the Commodity Policy Coordinating Committee's recommendation that the U.S. should make known its intention not to sign the agreement but agreed to participate in new negotiations if they are called. Such an announcement was made in a joint State/Treasury press release dated January 16, 1976.

c) National Commission on Supplies and Shortages (NCSS)

The Commission met in February to discuss its work plan as well as the work plan of its Advisory Committee. The Advisory Committee met in late January. Contracts to assess the causes and consequences of recent shortages in seven basic materials, the relation of economic stockpiles and the market structure, and further refinement of a materials information system have been let. A major conference to review the Government's institutional apparatus to deal with materials policy will be held in April.

d) Strategic Stockpiles

An Interagency Task Force, chaired by NSC, is reassessing U.S. policy regarding stockpiles of strategic materials. The study includes a careful review of the methodology and analytical basis on which stockpile acquisition and disposal decisions are to be made. Phase II of the study is currently under way and is expected to be completed by June 1, 1976. The House Armed Services Committee has held up all the stockpile disposal recommendations pending Administration review of its stockpile policy. OMB is preparing legislation that would provide for some disposals of clearly excess materials in FY-77.

2. TRADE ISSUES

a) Multilateral Trade Negotiations

Principal tasks for the Trade Negotiations Committee in 1976 include consultations on tropical products, a tariff formula, a standards code, a framework for dealing with subsidies and countervailing, the basic concepts for a safeguard arrangement, procedures for liberalization of quantitative restrictions, selection of products for sector negotiation, and approaches to export controls, a government procurement code, dispute settlement, tax practices, and unethical practices. A procedural compromise with the EC on the agricultural question allows the work program to go forward. Recent and/or forthcoming meetings include tropical products, tariff cutting formula, GATT reform and subsidies. Continuing preparations for these meetings will be required.



b) International Export Credit Competition

The U.S., EC and Japan have been negotiating since February 1974 to reach a "Gentlemen's Agreement" to establish maximum repayment terms and minimum interest rates for export credits, and to limit possible evasion of these limitations through mixed aid/commercial credits. The primary issue is to preserve the balance between differing official credit systems while hardening terms of export financing (i.e., reduce the competition among governments which leads to subsidized credit terms to export customers). At Rambouillet, a major impetus was given to negotiations to harmonize policy on credit terms by the major industrialized countries. It is expected that unilateral declarations of intent will be issued very shortly by each of the participating countries. The declarations will be in effect for a one-year trial period.

c) General Aviation Exports

The General Aviation Manufacturers Association (GAMA) and its member companies find Commerce's export control procedures very burdensome. At present licenses must be obtained for each aircraft exported, even small, unsophisticated aircraft destined to U.S. allies.

GAMA desires that a General Distribution License be granted, on an annual basis, to the U.S. general aviation manufacturers for exports of general aviation aircraft and spare parts for free-world nations. The licensee would then report exports, after-the-fact, to Commerce quarterly or annually. This would replace some 3000-4000 license applications (processed by Commerce, and sometimes Defense and State, as well) by 8 - a significant cost-savings for both the companies and the Government.

Defense advises that there is no security reason for controlling exports of general aviation aircraft, except possibly for those with inertial navigation systems (INS) being shipped to Bloc countries. However, very few general aviation aircraft have INS gear. Moreover, GAMA is not objecting to export licensing for shipments to the Bloc countries.

### 3. EAST-WEST TRADE

#### a) Compensation Arrangements Study

In response to questions arising from Eximbank financing of a U.S. bearing plant in Romania involving buyback, the East-West Foreign Trade Board Working Group has undertaken a study, chaired by Commerce, to determine the significance of compensation arrangements in East-West trade and to provide guidelines for U.S. policy toward such transactions.

#### b) Study Dealing with Nonmarket Economies

The East-West Foreign Trade Board Working Group has undertaken a study of the problems encountered by free market economies in dealing with the state-controlled nonmarket economies of the Communist countries. The study will recommend policy guidelines for the U.S. Government in its conduct of economic relations with these countries. CIEP is preparing a working draft for interagency review during March. The study should be completed by April 1976.

### 4. ENERGY ISSUES

#### a) Negotiations in the International Energy Agency (IEA)

The consuming countries have completed their negotiations in the IEA on emergency sharing provisions and the long-term proposal of cooperative measures to develop alternative energy sources. The emergency program is expected to undergo a "command post" exercise early this year to test allocation procedures and the adequacy of data collection. The long-term cooperation program must now be filled out with specific projects.

The President has already decided on key issues of Minimum Safeguard Prices and access to investment in U.S. energy resources by IEA countries.

## 5. FOOD ISSUES

### a) International Grain Reserve System

The United States outlined its grain reserves proposal at a September 1975 meeting of the International Wheat Council Preparatory Group. The proposal calls for a reserve of 30 million tons of wheat and rice for the purpose of food security. The purpose of the grain reserve system has remained the primary controversial point in the negotiations. In the mid-January meeting of the Group, the United States remained the proponent of reserves for purposes of food security while other countries remained uninterested but want stockpiles for price stabilization purposes.

The CIEP study on grain reserves prepared by the RAND Corporation is now undergoing final revisions based on agency comments.

### b) Long-Term Grain Agreements

A policy statement, approved by EPB on December 1, 1975, stated that the agreement with the Soviets deals with a special case and there was no need for other traditional customers to seek such an agreement or alternative sources of supply. However, USDA may enter into informal understandings with some foreign countries to exchange information on buyer's requirements and U.S. supply availabilities.

### c) Meat Imports for 1976

The USDA has unofficially estimated that if not restrained 1976 U.S. meat imports will exceed the trigger level under the Meat Import Law of 1964, which would result in the automatic imposition of quotas. To avoid quotas, the Food Deputies Group presented a paper to the EPB which evaluated the options of suspending quotas or negotiating voluntary restraint agreements. In accordance with the EPB recommendation, the President directed the State Department to negotiate voluntary restraint agreements.

The State Department is now in the process of negotiating voluntary restraint agreements with exporting countries.

Domes & Council

THE WHITE HOUSE

WASHINGTON

March 22, 1976

MEMORANDUM FOR: JIM CONNOR  
FROM: JIM CANNON  
SUBJECT: Work Plan for Next Three Months

You requested an indication of the Domestic Council work plan for the next three months. In essence, our work plan is built around:

1. Day-to-day Staffing for the President

- This includes Q&A's, briefing papers, meetings, etc.
- It also involves decision and information presentations to the President as issues emerge and progress.

2. Follow-Through on Issues Once the President Has Made a Decision

This will at times require information presentations and perhaps will lead to a need for further decisions. Without being comprehensive, the following is a sample of major issues which we see falling in this category during the next three months:

Revenue Sharing  
Uranium Enrichment  
Crime Proposals  
Social Security  
Energy Legislation  
Block Grants  
Food Stamps  
Drug Enforcement  
Higher Education  
Regulatory Reform  
Office of Science and Technology

3. Monitoring of Issues of Potential Concern to the President

It is difficult to determine precisely which issues will emerge during the next three months, but our best judgment is that the following issues could very well require the President's attention between now and July 1:

Summer Employment for Youth  
Nuclear Waste  
Strip Mining  
Postal Service  
Bank Regulation  
Urban Problems  
Welfare Reform  
Health Costs

4. Intergovernmental Relations

Intergovernmental relations will continue to be a significant element of our work. This function tends to bring some major issues (Revenue Sharing, public employee bargaining, disaster relief) to the President's attention. Requests for the President's time are also made on a case by case basis by Governors, Mayors, County Executives, etc.

5. Intermediate and Long-Range Planning Responsibilities

These responsibilities require that we address a number of major issues by conducting in-depth policy studies. It is estimated that these might require two sessions a month of an hour each with the President.

6. General Domestic Policy Responsibility

Responsibility for all of the above will continue to require 30 minutes each week in which OMB and the Domestic Council can seek direct guidance from the President.

EPPB

THE WHITE HOUSE

WASHINGTON

March 22, 1976

MEMORANDUM FOR JAMES E. CONNOR

FROM: L. WILLIAM SEIDMAN *LWS*

SUBJECT: Economic Policy Board Work Plan

During the next three months the Economic Policy Board will continue to monitor, through its task forces and committees, a wide range of economic activity and to consider a number of domestic and international economic policy issues. Predicting even the near-term range of issues that may require the President's attention with any degree of precision is difficult. This memorandum, in response to your request, outlines the monitoring activities currently in place and the issues that Executive Committee members have proposed for Economic Policy Board consideration during the coming three months.

Monitoring Activities

Monthly Review of the Economic Outlook

Troika II prepares a general overview of the economic outlook as well as a more detailed analysis of a specific topic each month such as inventories, consumption, business fixed investment, etc. The EPB Executive Committee will review a quarterly full-scale Troika forecast the week of March 22.

Fertilizer Task Force

The EPB Fertilizer Task Force, which reports to the Executive Committee monthly, will focus its monitoring activities on supply and demand conditions, which are currently highly favorable. The Task Force is also working on a long-term project to improve the basic fertilizer data base.



EPB/NSC Commodity Policy Coordinating Committee

The EPB/NSC Commodity Policy Coordinating Committee, which reports to the Executive Committee on a biweekly basis, will focus its monitoring activities on developments in international negotiations, developments in the Commission on Raw Materials (CORM) of the Conference on International Economic Cooperation, progress in the Law of the Sea negotiations with particular attention to possible implications for general U.S. commodity policy, and the results of the March 22-26 Copper Producer/Consumer Forum held under UNCTAD auspices.

Finance

The Capital Markets Working Group is undertaking a comprehensive survey of the laws, practices and attitudes of key industrial countries toward foreign--particularly U.S.--firm participation in securities markets. A final report will be available on or about May 15.

Labor Negotiations Committee

The Labor Negotiations Committee will monitor the following major labor negotiations:

<u>Industry</u>	<u>Contract Expiration Date</u>	<u>Number of Affected Workers</u>
Trucking	March 31, 1976	450,000
Rubber	April 20, 1976	70,500
Electrical Equipment	June 27, July 7, 1976	157,000
Meatpacking	August 31, 1976	38,750
Automobiles	September 14, 1976	725,000
Farm Equipment	September 30, 1976	95,000
Construction	March-July, 1976	746,000
Retail Food	March-July, 1976	n. a.

If a strike becomes likely, the Committee will take the lead in developing any appropriate contingency plans to minimize economic disruption.

### New York Financial Condition

The Treasury is closely monitoring the New York City and New York State financial situation and reporting to the Executive Committee on a regular basis.

### International

The Executive Committee will monitor the economic outlook in industrial countries, the status of financial support fund legislation, progress in the Conference on International Economic Cooperation (CIEC), developments in international forums on codes of conduct for multinational corporations, developments at the Law of the Sea Conference, and the progress of the multilateral trade negotiations.

The Special Representative for Trade Negotiations, who serves as the Chairman of the Trade Policy Committee, reports on the status of trade policy issues to the EPB Executive Committee on a monthly basis. His most recent report, which will be discussed the week of March 22, is attached at Tab A and provides a comprehensive review of Trade Act remedial actions and trade policy issues that are likely to arise during the next six months.

The President will be kept advised of significant developments in these monitoring activities through the Economic Policy Board Weekly Report and the Weekly Economic Fact Sheet prepared as part of the briefing papers for the EPB Executive Committee meetings with the President.

### Issues Which May Require the President's Decision

#### 1. Tax Policy

Secretary Simon presented the Administration's views on many tax policy issues to the Senate Finance Committee on March 17. Treasury will be presenting the Administration's views on estate and gift taxes on March 22.

The Executive Committee will closely monitor the progress of tax legislation. Issues which may require the President's decision in establishing an Administration position include:

- a. Tax reductions which differ from the President's proposal.
- b. A Senate Finance Committee proposal for an alternative tax on minimum taxable income without a limitation on artificial accounting losses.
- c. Senate action seeking to impose a tax on capital gains at death.
- d. The applicability of the foreign tax credit to production sharing arrangements, particularly with respect to gas and oil.

2. UNCTAD IV

Approval of instructions for the U.S. delegation to UNCTAD IV (United Nations Conference on Trade and Development) in Nairobi, May 3-28.

3. U.S. Sugar Policy for 1976

A Task Force report addressing the issues of U.S. participation in an International Sugar Agreement and whether the current 7 million ton global quota should be changed is scheduled for consideration the first week in April.

4. Review of the International Monetary situation and exploration of whether another meeting of the leaders of the major industrial nations is merited.
5. Update on Economic Assumptions for Mid-Year Budget Review.
6. Development of an Administration proposal to "decouple" Social Security payment levels.

7. Exim Bank Loans

The President must make a separate determination with respect to each transaction in which the Eximbank makes a loan of \$50 million or more to a Communist country, certifying that such a loan is in the national interest. Three loans, two for Poland and one for Yugoslavia, are now pending. The Eximbank is reportedly prepared to grant a loan of approximately \$69 million to Poland for construction of a television tube plant. This case will come to the President for a national interest determination in late March.

## Other Issues Scheduled for EPB Consideration

1. Commodities

The EPB/NSC Commodity Policy Coordinating Committee will present a paper on a U.S. "Comprehensive Approach to Commodities" for Executive Committee consideration the first week in April. The CPCC is also working on an analysis of alternative buffer stock financing schemes.

2. Economic Statistics

The Subcommittee on Economic Statistics is focusing its attention on: (1) the treatment of owner-occupied housing in the Consumer Price Index; (2) improving inventory statistics; and (3) long-run issues concerning fragmentation of our data gathering system.

3. Banking Regulation

The Task Force on Banking Regulation is examining alternatives for improving the current pattern of banking regulation.

4. Taxation

The Task Force on Investments and International Taxation is studying what effect a change in existing procedures for allocating research and development expenses of American firms might have on the physical location of further R&D activities.

5. Services and the MTN

The Task Force on Services and the Multilateral Trade Negotiations will provide a preliminary report to the EPB the third week of May on international issues of significance to U.S. service industries, the problems faced by U.S. service industries in international commerce, and solutions for these problems and how the multilateral trade negotiations should relate to these solutions.

6. Employment and Unemployment

The Executive Committee will monitor congressional action on the Administration's unemployment insurance reform proposal and will review proposals to increase the minimum wage and to modify the workers compensation system.

7. Quarterly International Economic Policy Review

The EPB and CIEP have scheduled a quarterly International Economic Policy Review for late April.


8. CIEP study of U.S. lending guarantees for LDC borrowing.
9. International Aviation Policy Review.
10. Review of Treasury and Commerce reports on Foreign Investment in the U.S.
11. Administration policy on the use of government sponsored loans in leveraged leases.
12. Review of potential small business initiatives.
13. Product liability insurance.
14. Review of regulatory reform initiatives.

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THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON

March 22, 1976

MEMORANDUM FOR THE PRESIDENT

FROM : Frederick B. Dent 

SUBJECT: Trade Policy -- Six Months Projection

Overview

Over the next six months the Administration will be required to make decisions on petitions by some key U.S. industries for remedial trade action under the escape clause, countervailing duty, antidumping, and unfair trade practices provisions of U.S. law. Most of these cases are the result of efforts by U.S. private sector interests to test provisions of the Trade Act of 1974 relating to potential remedial actions.

These potential actions come at a sensitive time. Domestically, we have a continuing concern over unemployment, which is expected to remain relatively high despite the modest recovery of the U.S. economy which has been forecast. At the same time, as the U.S. economy proceeds in its gradual recovery, the U.S. trade balance is expected to decline, going from a \$3.8 billion surplus on a CIF basis last year to a possible deficit this year.

The current political and economic situation is even more delicate abroad. The recovery of the major foreign economies is expected to lag behind that of the U.S. economy and this can be expected to make them quite defensive in their reactions to what they perceive as a shift to a protectionist trend in the U.S. This attitude is likely to be reinforced by exchange rate instability of some major currencies.

The convergence of a series of potential U.S. trade actions under U.S. domestic laws and heightened foreign sensitivity is likely to strain international cooperative efforts such as the multilateral trade negotiations in the GATT and the pledge of OECD countries to avoid trade restrictive actions. At the same time, it will be more necessary than ever to achieve positive results in these efforts as an effective demonstration that the world is not going protectionist.

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E.O. 12958 Sec. 3.6

~~CONFIDENTIAL~~

MR94-20\*29; NSC letter 7/25/96

By Lt. NARA, Date 6/25/00

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Trade Act Remedies

The most pressing of our problems during the next six months will be in the area of managing bilateral trade problems under the relief provisions of the Trade Act.

Automobile Dumping Case. By far the largest pending case is the antidumping complaint against all major foreign producers of automobiles, involving \$7.5 billion in U.S. imports. The tentative decision of the Secretary of the Treasury due May 11 is whether foreign producers have sold automobiles in the United States at less than fair value. Before any dumping duties are imposed, the U.S. International Trade Commission (USITC) would have to find injury (at the latest by November 11). While any public determinations on May 11 will thus not be final, appraisement will be withheld, and the decisions will have a sizeable effect on our trading relations. This issue is complicated by the existence of a massive backlog of customs entries which could get caught by an eventual dumping finding, with extremely grave consequences for some manufacturers. Customs is working on this problem.

Import Relief -- Shoes. The President must decide by April 20 whether to impose restrictions on \$1.1 billion of shoe imports, the largest escape clause case ever brought. The USITC was unanimous in its finding of injury. The EC is the largest supplier by value, with \$380 million in exports to us in 1975. Taiwan is the largest supplier by volume. Depending on what kind of relief is given, the impact would fall unevenly on Italy, Spain, Brazil, Taiwan, and South Korea. This case has the potential of being a major irritant in our relations with any or all of these countries, not to mention smaller suppliers.

Import Relief -- Specialty Steel. At the same time as the above matters are being dealt with, we will be attempting to negotiate orderly marketing agreements with the major suppliers of specialty steel, to avoid the imposition of quotas no later than June 14 for three years on \$200 million of trade (primarily from Japan, the EC, Sweden and Canada).

Import Relief -- Other. On February 28, the USITC found injury to domestic producers of stainless steel flatware. You must decide by April 30 whether to provide relief. Imports of

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\$52 million (1975) are involved. The major suppliers are Japan, Taiwan, and South Korea. - - - On March 17, the USITC found that imports are causing injury to domestic producers of mushrooms (1975 imports, \$41 million). Only adjustment assistance can be provided to mushroom growers, as this is the remedy recommended by the USITC. Your action is due on this case by May 15. - - - The next large cases which are coming up are shrimp (1975 imports, \$346 million; USITC decision due May 17) and stainless steel wire (1975 imports, \$39 million; USITC decision due June 12). Major suppliers of shrimp are Mexico, Panama, India and Ecuador, and of stainless steel wire are Japan, Sweden, West Germany, and France.

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U.S. Meat Imports. The U.S. is currently attempting to negotiate voluntary restraint agreements to limit shipments of beef to the U.S. market in 1976. The VRA approach is designed to prevent beef imports from exceeding the trigger level set by the Meat Import Act of 1964. A number of the countries concerned, particularly Australia and the Central American countries, have objected to the size of their export allocations, and it is not clear at this time whether negotiation of agreements will be possible. Imposition of quotas under the Meat Import Act would place us in violation of our GATT obligations and have an adverse effect on our efforts to resist protectionism and expand trade through the MTN.

Relations With Developing Countries. Over the next six months, our relations with LDCs can be expected to be characterized by their increased frustration with what they regard as the rigidities of the international trading system. The system does not provide the special and differential treatment that they feel is their due. Our longer run solution is to negotiate in the Multilateral Trade Negotiations limited special and differential treatment in exchange for the most advanced developing countries accepting increased obligations in the

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trading system. The increased economic opportunities and the reduction of pressure for import barriers resulting from the expected upturn in the economy may ameliorate, but will not eliminate, this problem.

Conclusion

Despite the favorable outlook for economic recovery in the United States, the next six months will present a series of trade problems which must be dealt with carefully in order to avoid serious repercussions. This problem is aggravated by the fact that economic recovery abroad is lagging behind our own. In addition, there is the continuing danger that monetary conditions, which have a strong influence on trade flows and public attitudes toward trade, will be used abroad as a reason for restrictive trade measures or avoidance of trade liberalization.

There are several actions that can be taken to assist in managing these trade problems:

-- Administration spokesmen should take full advantage of opportunities to explain to the American public the importance to our economy of trade -- the advantages derived from our exports as well as the essentiality of our imports (e.g. 25% are petroleum products).

-- Consideration should be given to holding public hearings through the mechanism of the interagency Trade Policy Committee to investigate the broad aspects of U.S. foreign trade policy. Such hearings could serve to place the issue of trade policy into a broad national perspective, rather than being dominated by an accumulation of individual grievances which leave an impression of growing protectionism.

-- We can reinforce the belief abroad that expanding U.S. imports are an important aid to the economic recovery of our trading partners. For example, as our monthly trade statistics are announced, we should note the countries enjoying expanded sales to the U.S. as well as the products involved. Moreover, the Department of Commerce, in reporting monthly on the U.S. Balance of Trade, should stress the balance based on a CIF

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valuation (i.e. cost includes the value of freight and insurance) of imports rather than the FAS (i.e. free along ship at foreign port) balance which would also be reported. This would more accurately reflect comparisons with our trading partners, and would correct an overstatement of a surplus U.S. trade position.

In what promises to be a trying period of bilateral trade problems, it is important that the United States continue its strong world leadership for continuing an open and free market oriented trade policy. We must at the same time continue to carry out the mandates of the Trade Act in order to sustain public and Congressional support for this policy.

Attachments

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Ministerial Meetings Where Trade Issues  
Will Be Discussed

1. UNCTAD IV. The United Nations Conference on Trade and Development will meet in Nairobi in May. It will focus primarily on commodities. The State Department is the lead agency for this meeting and is preparing the U.S. position, for EPB/NSC review, which will be based on the comprehensive approach to commodities approved by the EPB/NSC. The approach focuses on techniques to improve the functioning of commodity markets and includes aspects of supply and market access, investment climate, information exchange, compensatory finance and market distribution and production efficiency in LDC's. A paper is also being prepared on buffer stocks for EPB/NSC consideration. The LDC's will be focusing on their integrated commodity program including consideration of future institutional arrangements for dealing with individual commodities, common financing, and use of compensatory financing.

2. OECD Ministerial Meeting. (Probably June 21-22). The first day will be chaired by foreign ministers and the second day will be chaired by finance ministers. It is likely that the first day will deal with the possible adoption of an OECD code for multinational corporations and north-south relations, including progress made in both UNCTAD and CIEC. The second day will be occupied by an attempt to achieve a consensus on a strategy for maintaining economic recovery without reviving excessive inflation. The meeting will also deal with renewal of the OECD Trade Pledge.

## PENDING ESCAPE CLAUSE ACTIONS

<u>Product</u>	<u>Final USITC Report Due</u>	<u>Due Date For Presidential Decision</u>	<u>Trade Value (Millions of Dollars, CY1974)</u>
Slide fasteners and parts*	2/18/76	4/19/76	12
Footwear, non-rubber	2/20/76	4/20/76	990
Certain stainless steel flatware	2/28/76	4/30/76	53
Mushrooms*	3/17/76		31
Blue pigments	4/2/76		3
Shrimp	5/17/76		387
Round stainless steel wire	6/12/76		47
Certain ceramic tableware	3/31/76	4/31/76**	67 (CY73)

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\* Involves adjustment assistance.

\*\* This is an administrative deadline which would give the president one month in which to decide whether to continue existing escape clause rates.



PENDING ANTIDUMPING CASES

<u>Product</u>	<u>Secretary of Treasury Final Action Date</u>	<u>Import Value (Millions of Dollars, CY1974)</u>
Butadiene acrylonitrile rubber	3/27/76	.7
Water circulating pumps	5/26/76	.08
Polymethyl methacrylate	6/18/76	2.7*
Acrylic sheet	7/21/76	2.0
Ski bindings	7/23/76	3.0
Bricks	7/23/76	1.8
Automobiles	8/6/76	7,485.5
Knitting machines	8/15/76	2.25
A.C. adapters	10/7/76	5.6
Tantalum capacitors	10/17/76	3.0
Portland cement	11/21/76	3.5
Industrial vehicle tires	12/19/76	.5
Melamine	12/19/76	1.0

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\* Import value for the period January 1974 to June 1975.

PENDING SECTION 301 CASES

<u>Product or Service</u>	<u>Administrative Due Date *</u>
Shipping Services	1/1/76
Egg Albumen	10/6/75
Canned Fruits, Juices and Vegetables	11/1/75
Malt	1/12/76
Wheat Flour	1/30/76

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\* There is no legislatively prescribed time limit for processing 301 cases, however STR has administratively set six months as the due date to be consistent with mandated time placed on other types of trade-related complaints.

PENDING COUNTERVAILING DUTY ACTIONS

<u>Product</u>	<u>Due Date of Tentative Decision</u>	<u>Due Date For For Final Decision</u>	<u>Import Value (Millions of Dollars, CY 1974)</u>
Screws	2/17/76	8/17/76	1.9
Glass beads	3/2/76	9/2/76	0.3
Vitamin K	6/26/76	12/26/76	.015
Scissors & shears	*		1.2 (CY75)
Cotton yarn	*		4.7 (CY75)

\*Investigation not formally initiated but complaint received.

UNFAIR COMPETITIVE PRACTICES IN IMPORT TRADE  
(Section 337)

<u>Product</u>	<u>Final USITC Report Due</u>	<u>Due Date For Presidential Decision*</u>
Convertible game tables and components thereof	4/2/76	
Expanded, unsintered poly- tetrafluoroethylene in tape form	4/3/76	
Chain door locks	4/3/76	
Eye testing instruments incorporating refractive principles **	4/3/76	
Certain electronic audio and related equipment	4/3/76	
Certain hydraulic tappets, II **	4/3/76	
Certain ultra-microtome freezing attachments	4/3/76	
Liquid propane heaters **	4/3/76	
Certain high fidelity audio and related equipment **	4/3/76	
Overlapping digital movements**	4/3/76	
Certain angolan robusta coffee**	4/3/76	
Monolithic catalytic converters	7/24/76	
Glass fiber optic devices and instruments equipped with glass fiber optic devices **	8/27/76	
Record players incorporating straight line tracking systems **	9/24/76	

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\* The President has 60 days from the date of receipt of the USITC determination to review and act upon such determination.  
 \*\* Termination of case expected action.

PRINCIPAL SUPPLIER AFFECTED BY PENDING TRADE ACTIONS

Principal Supplier  
EC JAP CAN KOREA BRAZIL SPAIN OTHER

Pending Escape Clause Actions

Footwear, non-rubber	x			x	x	x
Certain stainless steel flatware		x				
Mushrooms			x			x
Blue pigments	x	x				
Shrimp						x
Round stainless steel wire	x	x				x
Certain ceramic tableware		x				x

Pending Section 301 Cases

Shipping services						x
Egg albumen	x					
Canned fruits, juices and vegetables	x					
Malt	x					
Wheat flour	x					

Pending Antidumping Cases

Butadiene acrylonitrile rubber		x				
Water circulating pumps	x					
Polymethyl methacrylate		x				
Acrylic sheet		x				
Ski bindings	x					x
Bricks			x			
Automobiles	x	x	x			x
Knitting machines	x					
A.C. adaptors		x				
Tantalum capacitors		x				
Portland cement						x
Industrial vehicle tires			x			
Melamine	x					

Unfair Competitive Practices in Import Trade

Convertible game tables and components thereof						x
Expanded, unsintered polytetrafluoroethylene in tape form	x					x
Chain door locks			x			x
Eye testing instruments incorporating refractive principles		x				
Certain electronic audio and related equipment		x				
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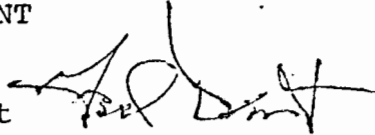
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THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON

March 22, 1976

MEMORANDUM FOR THE PRESIDENT

FROM : Frederick B. Dent



SUBJECT: Trade Policy -- Six Months Projection

Overview

Over the next six months the Administration will be required to make decisions on petitions by some key U.S. industries for remedial trade action under the escape clause, countervailing duty, antidumping, and unfair trade practices provisions of U.S. law. Most of these cases are the result of efforts by U.S. private sector interests to test provisions of the Trade Act of 1974 relating to potential remedial actions.

These potential actions come at a sensitive time. Domestically, we have a continuing concern over unemployment, which is expected to remain relatively high despite the modest recovery of the U.S. economy which has been forecast. At the same time, as the U.S. economy proceeds in its gradual recovery, the U.S. trade balance is expected to decline, going from a \$3.8 billion surplus on a CIF basis last year to a possible deficit this year.

The current political and economic situation is even more delicate abroad. The recovery of the major foreign economies is expected to lag behind that of the U.S. economy and this can be expected to make them quite defensive in their reactions to what they perceive as a shift to a protectionist trend in the U.S. This attitude is likely to be reinforced by exchange rate instability of some major currencies.

The convergence of a series of potential U.S. trade actions under U.S. domestic laws and heightened foreign sensitivity is likely to strain international cooperative efforts such as the multilateral trade negotiations in the GATT and the pledge of OECD countries to avoid trade restrictive actions. At the same time, it will be more necessary than ever to achieve positive results in these efforts as an effective demonstration that the world is not going protectionist.

DECLASSIFIED  
E.O. 12958 Sec. 3.6

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MR 94-20, #29; NSC Lett. 7/25/96

By lt NARA, Date 6/25/00

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## Trade Act Remedies

The most pressing of our problems during the next six months will be in the area of managing bilateral trade problems under the relief provisions of the Trade Act.

Automobile Dumping Case. By far the largest pending case is the antidumping complaint against all major foreign producers of automobiles, involving \$7.5 billion in U.S. imports. The tentative decision of the Secretary of the Treasury due May 11 is whether foreign producers have sold automobiles in the United States at less than fair value. Before any dumping duties are imposed, the U.S. International Trade Commission (USITC) would have to find injury (at the latest by November 11). While any public determinations on May 11 will thus not be final, appraisement will be withheld, and the decisions will have a sizeable effect on our trading relations. This issue is complicated by the existence of a massive backlog of customs entries which could get caught by an eventual dumping finding, with extremely grave consequences for some manufacturers. Customs is working on this problem.

Import Relief -- Shoes. The President must decide by April 20 whether to impose restrictions on \$1.1 billion of shoe imports, the largest escape clause case ever brought. The USITC was unanimous in its finding of injury. The EC is the largest supplier by value, with \$380 million in exports to us in 1975. Taiwan is the largest supplier by volume. Depending on what kind of relief is given, the impact would fall unevenly on Italy, Spain, Brazil, Taiwan, and South Korea. This case has the potential of being a major irritant in our relations with any or all of these countries, not to mention smaller suppliers.

Import Relief -- Specialty Steel. At the same time as the above matters are being dealt with, we will be attempting to negotiate orderly marketing agreements with the major suppliers of specialty steel, to avoid the imposition of quotas no later than June 14 for three years on \$200 million of trade (primarily from Japan, the EC, Sweden and Canada).

Import Relief -- Other. On February 28, the USITC found injury to domestic producers of stainless steel flatware. You must decide by April 30 whether to provide relief. Imports of

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by June 30, the U.S. could take action to restore the penalty tariff rates on imported cognac. This action, which would require a Presidential proclamation, could exacerbate already tender U.S./EC relations in the trade area.

Tariff Items 806.30 and 807.00. Under these items, U.S. goods are shipped abroad for further processing or assembling, and the U.S. components are exempted from duty upon re-importation. U.S. labor strongly supports repeal of these provisions. On Wednesday, March 24, the Administration will be testifying before the Green Subcommittee on items 807.00 and 806.30. On March 17, the Trade Policy Staff Committee agreed on a policy statement supporting retention of these items and opposing the numerous bills which have been introduced to abolish or amend them. The basis for this position is that elimination or amendment of these items will result in a net economic loss for the United States, particularly in regard to the number of jobs affected.

U.S. Meat Imports. The U.S. is currently attempting to negotiate voluntary restraint agreements to limit shipments of beef to the U.S. market in 1976. The VRA approach is designed to prevent beef imports from exceeding the trigger level set by the Meat Import Act of 1964. A number of the countries concerned, particularly Australia and the Central American countries, have objected to the size of their export allocations, and it is not clear at this time whether negotiation of agreements will be possible. Imposition of quotas under the Meat Import Act would place us in violation of our GATT obligations and have an adverse effect on our efforts to resist protectionism and expand trade through the MTN.

Relations With Developing Countries. Over the next six months, our relations with LDCs can be expected to be characterized by their increased frustration with what they regard as the rigidities of the international trading system. The system does not provide the special and differential treatment that they feel is their due. Our longer run solution is to negotiate in the Multilateral Trade Negotiations limited special and differential treatment in exchange for the most advanced developing countries accepting increased obligations in the

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trading system. The increased economic opportunities and the reduction of pressure for import barriers resulting from the expected upturn in the economy may ameliorate, but will not eliminate, this problem.

### Conclusion

Despite the favorable outlook for economic recovery in the United States, the next six months will present a series of trade problems which must be dealt with carefully in order to avoid serious repercussions. This problem is aggravated by the fact that economic recovery abroad is lagging behind our own. In addition, there is the continuing danger that monetary conditions, which have a strong influence on trade flows and public attitudes toward trade, will be used abroad as a reason for restrictive trade measures or avoidance of trade liberalization.

There are several actions that can be taken to assist in managing these trade problems:

-- Administration spokesmen should take full advantage of opportunities to explain to the American public the importance to our economy of trade -- the advantages derived from our exports as well as the essentiality of our imports (e.g. 25% are petroleum products).

-- Consideration should be given to holding public hearings through the mechanism of the interagency Trade Policy Committee to investigate the broad aspects of U.S. foreign trade policy. Such hearings could serve to place the issue of trade policy into a broad national perspective, rather than being dominated by an accumulation of individual grievances which leave an impression of growing protectionism.

-- We can reinforce the belief abroad that expanding U.S. imports are an important aid to the economic recovery of our trading partners. For example, as our monthly trade statistics are announced, we should note the countries enjoying expanded sales to the U.S. as well as the products involved. Moreover, the Department of Commerce, in reporting monthly on the U.S. Balance of Trade, should stress the balance based on a CIF

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valuation (i.e. cost includes the value of freight and insurance) of imports rather than the FAS (i.e. free along ship at foreign port) balance which would also be reported. This would more accurately reflect comparisons with our trading partners, and would correct an overstatement of a surplus U.S. trade position.

In what promises to be a trying period of bilateral trade problems, it is important that the United States continue its strong world leadership for continuing an open and free market oriented trade policy. We must at the same time continue to carry out the mandates of the Trade Act in order to sustain public and Congressional support for this policy.

. Attachments

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Ministerial Meetings Where Trade Issues  
Will Be Discussed

1. UNCTAD IV. The United Nations Conference on Trade and Development will meet in Nairobi in May. It will focus primarily on commodities. The State Department is the lead agency for this meeting and is preparing the U.S. position, for EPB/NSC review, which will be based on the comprehensive approach to commodities approved by the EPB/NSC. The approach focuses on techniques to improve the functioning of commodity markets and includes aspects of supply and market access, investment climate, information exchange, compensatory finance and market distribution and production efficiency in LDC's. A paper is also being prepared on buffer stocks for EPB/NSC consideration. The LDC's will be focusing on their integrated commodity program including consideration of future institutional arrangements for dealing with individual commodities, common financing, and use of compensatory financing.

2. OECD Ministerial Meeting. (Probably June 21-22). The first day will be chaired by foreign ministers and the second day will be chaired by finance ministers. It is likely that the first day will deal with the possible adoption of an OECD code for multinational corporations and north-south relations, including progress made in both UNCTAD and CIEC. The second day will be occupied by an attempt to achieve a consensus on a strategy for maintaining economic recovery without reviving excessive inflation. The meeting will also deal with renewal of the OECD Trade Pledge.



## PENDING ESCAPE CLAUSE ACTIONS

<u>Product</u>	<u>Final USITC Report Due</u>	<u>Due Date For Presidential Decision</u>	<u>Trade Value (Millions of Dollars, CY1974)</u>
Slide fasteners and parts*	2/18/76	4/19/76	12
Footwear, non-rubber	2/20/76	4/20/76	990
Certain stainless steel flatware	2/28/76	4/30/76	53
Mushrooms*	3/17/76		31
Blue pigments	4/2/76		3
Shrimp	5/17/76		387
Round stainless steel wire	6/12/76		47
Certain ceramic tableware	3/31/76	4/31/76**	67 (CY73)

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\* Involves adjustment assistance.

\*\* This is an administrative deadline which would give the president one month in which to decide whether to continue existing escape clause rates.

PENDING ANTIDUMPING CASES

<u>Product</u>	<u>Secretary of Treasury Final Action Date</u>	<u>Import Value (Millions of Dollars, CY1974)</u>
Butadiene acrylonitrile rubber	3/27/76	.7
Water circulating pumps	5/26/76	.08
Polymethyl methacrylate	6/18/76	2.7*
Acrylic sheet	7/21/76	2.0
Ski bindings	7/23/76	3.0
Bricks	7/23/76	1.8
Automobiles	8/6/76	7,485.5
Knitting machines	8/15/76	2.25
A.C. adapters	10/7/76	5.6
Tantalum capacitors	10/17/76	3.0
Portland cement	11/21/76	3.5
Industrial vehicle tires	12/19/76	.5
Melamine	12/19/76	1.0

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\* Import value for the period January 1974 to June 1975.

PENDING SECTION 301 CASES

<u>Product or Service</u>	<u>Administrative Due Date *</u>
Shipping Services	1/1/76
Egg Albumen	10/6/75
Canned Fruits, Juices and Vegetables	11/1/75
Malt	1/12/76
Wheat Flour	1/30/76

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\* There is no legislatively prescribed time limit for processing 301 cases, however STR has administratively set six months as the due date to be consistent with mandated time placed on other types of trade-related complaints.

PENDING COUNTERVAILING DUTY ACTIONS

<u>Product</u>	<u>Due Date of Tentative Decision</u>	<u>Due Date For For Final Decision</u>	<u>Import Value (Millions of Dollars, CY 1974)</u>
Screws	2/17/76	8/17/76	1.9
Glass beads	3/2/76	9/2/76	0.3
Vitamin K	6/26/76	12/26/76	.015
Scissors & shears	*		1.2 (CY75)
Cotton yarn	*		4.7 (CY75)

\*Investigation not formally initiated but complaint received.

UNFAIR COMPETITIVE PRACTICES IN IMPORT TRADE  
(Section 337)

<u>Product</u>	<u>Final USITC Report Due</u>	<u>Due Date For Presidential Decision*</u>
Convertible game tables and components thereof	4/2/76	
Expanded, unsintered poly- tetrafluoroethylene in tape form	4/3/76	
Chain door locks	4/3/76	
Eye testing instruments incorporating refractive principles **	4/3/76	
Certain electronic audio and related equipment	4/3/76	
Certain hydraulic tappets, II **	4/3/76	
Certain ultra-microtome freezing attachments	4/3/76	
Liquid propane heaters **	4/3/76	
Certain high fidelity audio and related equipment **	4/3/76	
Overlapping digital movements**	4/3/76	
Certain angolan robusta coffee**	4/3/76	
Monolithic catalytic converters	7/24/76	
Glass fiber optic devices and instruments equipped with glass fiber optic devices **	8/27/76	
Record players incorporating straight line tracking systems **	9/24/76	

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\* The President has 60 days from the date of receipt of the USITC determination to review and act upon such determination.  
\*\* Termination of case expected action.

PRINCIPAL SUPPLIER AFFECTED BY PENDING TRADE ACTIONS

Principal Supplier  
EC JAP CAN KOREA BRAZIL SPAIN OTHER

Pending Escape Clause Actions

Footwear, non-rubber	x			x	x	x
Certain stainless steel flatware		x				
Mushrooms			x			x
Blue pigments	x	x				
Shrimp						x
Round stainless steel wire	x	x				x
Certain ceramic tableware		x				x

Pending Section 301 Cases

Shipping services						x
Egg albumen	x					
Canned fruits, juices and vegetables	x					
Malt	x					
Wheat flour	x					

Pending Antidumping Cases

Butadiene acrylonitrile rubber		x				
Water circulating pumps	x					
Polymethyl methacrylate		x				
Acrylic sheet		x				
Ski bindings	x					x
Bricks			x			
Automobiles	x	x	x			x
Knitting machines	x					
A.C. adaptors		x				
Tantalum capacitors		x				
Portland cement						x
Industrial vehicle tires			x			
Melamine	x					

Unfair Competitive Practices in Import Trade

Convertible game tables and components thereof						x
Expanded, unsintered polytetrafluoroethylene-in tape form	x					x
Chain door locks			x			x
Eye testing instruments incorporating refractive principles		x				
Certain electronic audio and related equipment		x				
Certain hydraulic tappets, 11						x

