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WITHDRAWAL SHEET

Ronald Reagan Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	Economic Policy Council to the President, re commercializing satellite launch services (draft) (7 pp)	8/5/86	P-1 B1
2. minutes	re 1/8/86 EPC meeting (3 pp)	n.d.	P-1 P-5 B1
3. memo	G.A. Keyworth to the Secretaries of State, Treasury, Defense, Agriculture, Commerce, Labor, and Transportation, the Director of OMB, the U.S. Trade Representative, the Assistant to the President for National Security Affairs, and the Chairman of CEA, re 12/19/85 EPC meeting (3 pp)	12/18/85	P-1 P-5 B1
4. note	"Jim" to "Jay", re OSTP position	11/5	P-5 open
5. memo	EPC to the President, re parallel imports (partial of page 1)	11/4/85	P-5 open COB 11/22/00
COLLECTION:			
KEYWORD, GEORGE A. II: Files			kdb
FILE FOLDER:			
Economic Policy Council Box 18 of 27			1/14/95

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

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

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

WITHDRAWAL SHEET

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860726

File: EPC - Space Com. W.G.

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This information in the attached document is classified and as such will be treated according to provisions set forth in EO 12065.

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(This cover sheet is unclassified when separated from classified documents)

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MSH 4/8/94

860725

THE WHITE HOUSE

WASHINGTON

August 6, 1986

MEMORANDUM FOR THE WORKING GROUP ON SPACE COMMERCIALIZATION

FROM: EUGENE J. McALLISTER *EM*

SUBJECT: Draft Decision Memorandum

A draft decision memorandum for the President on space commercialization policy is attached. The draft is classified and should be held very closely.

I must have your agencies views on the two decisions: exceptions and subsidies, by 2:00 p.m. this afternoon.

Thank you very much for your help.

CONFIDENTIAL ATTACHMENT

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860724

Mar 24

DR McTAGUE

to: Members of the R&D
Working Group

Department
of the Treasury

Office of the
Secretary

room: _____ date: 2/386

Attached is a copy of the Minutes of the
January 8, 1986 meeting of the Economic
Policy Council summarizing the Council's
discussion and recommendations concerning
research and development.

Please note that this material has been
classified as CONFIDENTIAL and should be
handled appropriately.



Manuel H. Johnson
Assistant Secretary for
Economic Policy
room 3452
phone 566-2551

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CLASSIFIED ENCLOSURE(S)

WJH
4/16/68

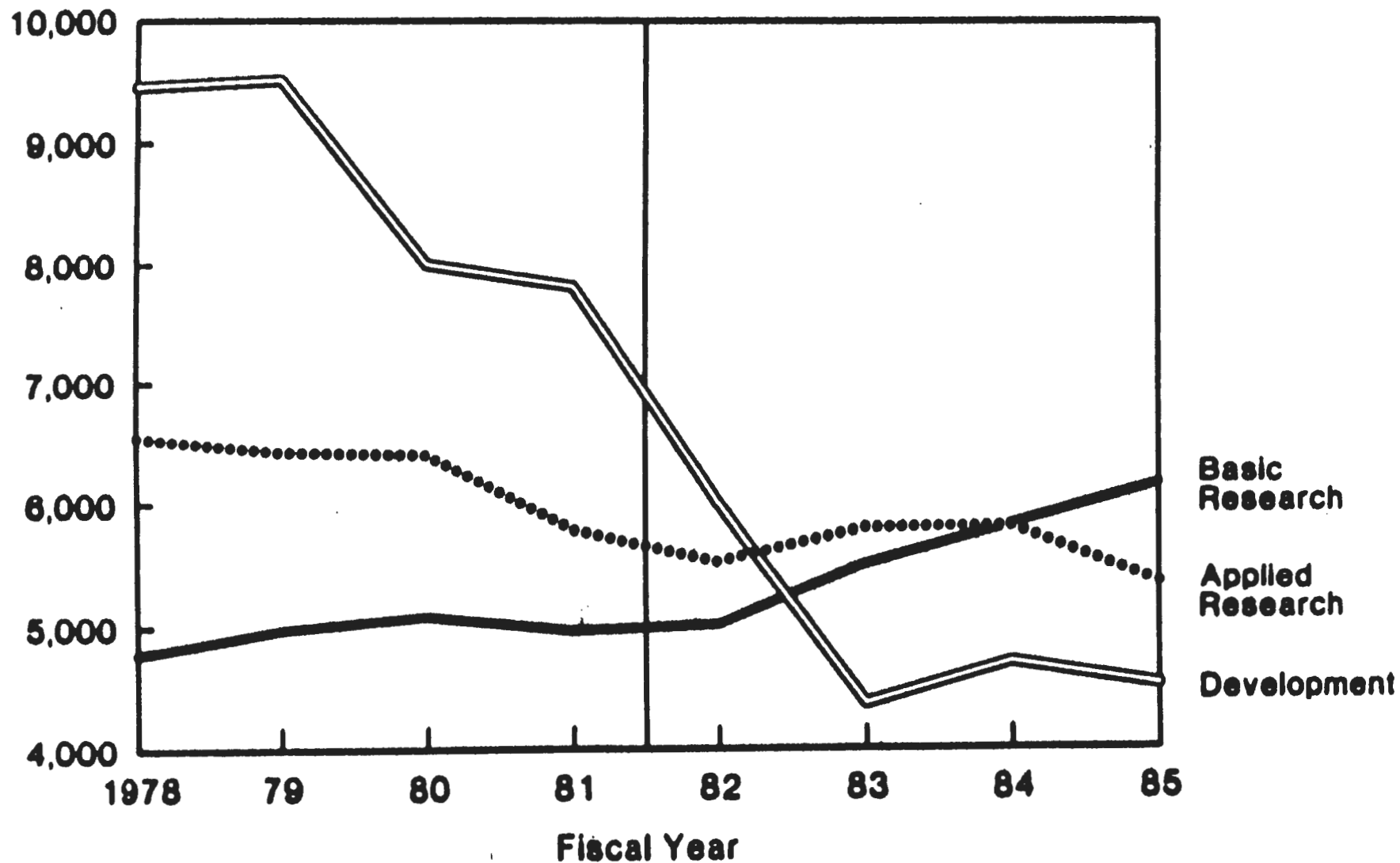
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Federal R&D Obligations (Non-Defense) in Constant 1983 Dollars

\$ Millions



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20506

Returns
to
Jim Ling

11/5

J

Jay,

OSTP is listed as
supporting Option 1. Is
this our current position?

Yes Jim

THE WHITE HOUSE

WASHINGTON

November 4, 1985

MEMORANDUM FOR THE WORKING GROUP ON INTELLECTUAL PROPERTY

FROM: EUGENE J. McALLISTER *EM*

SUBJECT: Parallel Imports

The Economic Policy Council, at its meeting on October 24, agreed to forward to the President its recommendations on the issue of gray market goods. A draft memorandum outlining four options is attached.

I would appreciate your forwarding to me any written comments on this draft no later than noon, Tuesday, November 5.

Thank you.

Attachment

cc: Shellyn McCaffrey

THE WHITE HOUSE

WASHINGTON

November 4, 1985

DRAFT

MEMORANDUM FOR THE PRESIDENT

FROM: THE ECONOMIC POLICY COUNCIL

SUBJECT: Parallel Imports

The Economic Policy Council is forwarding to you its recommendations on the issue of whether the Federal Government should act to regulate or restrict the flow of parallel imports or so-called gray market goods into the United States.

Gray market goods are a consequence of nations establishing separate national trademark-registration systems. Often a foreign manufacturer will lease or sell the U.S. rights to market and distribute his trademarked product to another individual or corporation. Gray market goods are those trademarked goods which are imported by third parties -- gray market importers -- into the U.S. without the permission of the U.S. trademark holder. Typically they are sold at prices significantly below those charged by the U.S. trademark holder. These goods are legally imported and are genuine products, not counterfeits. A Custom's Service regulation, upheld by Federal courts, permits the importation of gray market goods if the U.S. trademark holder and the foreign manufacturer are related in some way, for example, a parent, subsidiary, or licensee.

Interest in Gray Market Goods

In January of 1985 you rejected a recommendation of the International Trade Commission (ITC), in a trade case involving Duracell batteries, that would have prohibited gray market goods from entering the U.S. without the permission of the U.S. trademark owner. You stated that any change in current policy should be considered only after the Administration has fully reviewed the issue.

The flow of gray market imports has increased in recent years, due in part to the high value of the dollar, making the Custom's regulation a contentious issue with U.S. trademark owners. In addition, consumers occasionally are confused about warranties. While most gray market goods carry a warranty, it is not the same warranty offered on products distributed by the U.S. trademark holder. When the U.S. trademark holder does not extend his warranty services to gray market goods, some consumers are surprised.

Issue

The decision whether to maintain or reform the Federal policy regarding gray market goods involves weighing the cumulative benefits of two competing goals of the Administration:

(1) promoting free trade and competition and reducing government interference in the market and (2) protecting intellectual property rights of U.S. trademark owners.

American consumers benefit from the entrepreneurial activity of gray market importers, who transfer namebrand products from low-price markets overseas to higher-priced markets in the U.S., offering lower prices and greater choice. This benefit is particularly significant where the higher price in the U.S. market is due to deliberate price discrimination by multinational firms. Defenders of the status quo agree that were the U.S. to prohibit gray market goods, the Federal Government would become a party to enforcing private sector decisions to segment world markets and practice price discrimination.

U.S. trademark holders complain that the flow of unauthorized trademarked goods into the country infringes upon their intellectual property rights, giving gray market importers a "free ride" on their advertising and marketing efforts and the consumer goodwill they have built up. Over time, this "free ride" could reduce incentives for U.S. trademark holders to invest in their trademarks.

A Working Group under the Economic Policy Council was unable to obtain reliable data indicating the total volume of gray market goods or their specific economic effects on consumers and trademark owners.

Remedies

Because parallel imports enter the U.S. through third party distribution channels unauthorized by the U.S. trademark owner, and not under control of the foreign manufacturer, it is impossible for U.S. trademark owners to prevent such activity through contractual arrangements with foreign manufacturers. Therefore, U.S. trademark owners have typically sought relief in Federal court claiming under traditional trademark law that parallel imports infringe upon U.S. trademarks.

However, because the validity of the Custom's regulation permitting parallel imports to enter the U.S. when trademark owners are related has been specifically upheld by Federal courts, and because parallel imports bear genuine -- rather than counterfeit or confusingly similar -- trademarks, Federal courts have generally not provided the remedy desired by U.S. trademark owners.

Consumers however has some means of relief. New York State has recently enacted a statute requiring explicit labeling of gray market goods, including warranty information. This is generally accomplished through a notice at the cash register.

Options

The Economic Policy Council reviewed a number of options, ranging from maintaining the status quo to reversing the current policy and prohibiting all gray market goods.

Option 1: Maintain the existing Custom's enforcement policy.

This option is the status quo, continuing to permit parallel imports. U.S. trademark owners could seek remedies through Federal administrative and judicial or State legislative channels.

This option also is consistent with past recommendations of the OECD and United Nations which have encouraged member nations to eliminate restrictions on parallel imports where used to maintain artificially high prices or are otherwise anticompetitive.

Advantages

- o Benefits consumers through the discounting of name brand goods.
- o Encourages trademark owners to adjust international pricing to reflect currency exchange developments or real cost differences among markets or countries.

Disadvantages

- o Harms U.S. trademark-owners by permitting parallel importers to "free-ride" on marketing and service investments and demand established by them, and may diminish the goodwill and prestige value of U.S. trademarks.
- o Some consumers erroneously may believe that the warranty and servicing provisions on certain parallel imports are the same as those offered on goods sold through channels authorized by the U.S.-trademark owner.

Option 2: Establish a new Custom's policy requiring the trademark on parallel imports to be "demarked," i.e. removed or obscured prior to importation to the U.S., but permitting importers to affix their own "mark" to the product.

In theory, demarking would prevent free riding by removing trademarks from view, and price discrimination by permitting demarked imports to enter the U.S. and compete with trademarked goods.

Advantages

- o Benefits consumers by drawing a distinction between goods imported by the U.S. trademark owners and goods imported by the parallel importer, permitting importers and U.S. manufacturers to distinguish pricing, warranty, and service protections.
- o Protects the domestic goodwill and reputation established by U.S. trademark owners by eliminating "free riding" by parallel importers.

Disadvantages

- o May confuse consumers about the quality of demarked imports even where no quality difference in fact exists, potentially increasing costs to parallel importers.
- o Difficulties in defining "demarking" may make this policy prohibitively expensive to implement and monitor or impractical in cases where removal of the mark would damage the good, e.g. watches.

Option 3: Promulgate a notice in the Federal Register soliciting public comment on the merits of Federal regulations requiring demarking of parallel imports.

This option does not commit the Administration to either demarking regulations.

Advantages

- o Gathers information regarding the costs and benefits of demarking.
- o On the other hand, if information shows demarking or labeling to be overly costly, impractical, or ineffective, the Administration could forego adopting such a policy.

Disadvantages

- o May be criticized as delaying resolution of the parallel import controversy.
- o May yield ambiguous information of little or no use in guiding future policy.

Option 4: Establish a new Custom's policy prohibiting all parallel imports without the express consent of the U.S. trademark-owner at the time of importation.

This option would replace the current case-by-case administrative and judicial remedies available to U.S. trademark-owners with a uniform Federal enforcement system.

Advantages

- o Protects consumers from deception or confusion regarding warranties and servicing on parallel imports and encourages manufacturers to differentiate their market development internationally.
- o Protects the intellectual property rights of U.S.-registered trademark owners.

Disadvantages

- o Harms American discount-retailers and consumers by encouraging geographic price discrimination even where quality, warranty, and service differences between authorized goods and nonauthorized imports are not significant.
- o Requires greater Federal interference in the marketplace.

DECISION

- _____ Option 1: Maintain the current Federal policy permitting gray market imports.
- (Supported by State, Agriculture, Transportation, CEA, OMB, OPD, OSTP)
- _____ Option 2: Establish a new Federal policy requiring gray market goods to be "demarked" before entering the U.S.
- (Supported by USTR)
- _____ Option 3: Promulgate a notice in the Federal Register soliciting public comment on the merits of "demarking" regulations.
- (Supported by Justice)
- _____ Option 4: Establish a new Federal policy prohibiting the importation of gray market goods absent the permission of the U.S. trademark owners.
- (Supported by Commerce)

James A. Baker III
Chairman Pro Tempore

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 24, 1985

The President today announced he was designating Roger B. Porter to be Executive Secretary of the Economic Policy Council.

Mr. Porter is Deputy Assistant to the President for Policy Development and Director of the White House Office of Policy Development. He served as Executive Secretary of the Cabinet Council on Economic Affairs from 1981 to 1985. He was on the faculty of the School of Government at Harvard University from 1977 to 1981. He is the author of several books and articles including Presidential Decision Making.

Mr. Porter was a White House Fellow from 1974 to 1975. He was appointed Special Assistant to the President and served as Executive Secretary of the President's Economic Policy Board from 1974 to 1977.

He was Assistant Dean and Tutor in Politics at the Queen's College, Oxford University from 1971 to 1972. He served as Associate Director of the Utah Local Government Modernization Study in 1972 and has been actively involved in state constitutional revision efforts.

He was selected as one of the Ten Outstanding Young Men in America for 1981 by the United States Jaycees.

A native of Utah, Mr. Porter received his B.A. degree from Brigham Young University in 1969 and was selected as a Rhodes Scholar and as a Woodrow Wilson Fellow receiving his Bachelor of Philosophy degree from Oxford University in 1971. He received his M.A. and Ph.D. degrees from Harvard University in 1978.

He is married to the former Ann Robinson, has three children, and resides in McLean, Virginia. He was born on June 19, 1946.

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THE WHITE HOUSE

Office of the Press Secretary
(Santa Barbara, California)

For Immediate Release

April 11, 1985

FACT SHEET

Economic Policy Council ✓
Domestic Policy Council

In order to provide better policy coordination, formulation and implementation, the President today announced the creation of two new cabinet-level councils, the Economic Policy Council and the Domestic Policy Council, to advise him on economic and domestic policy issues.

The Economic Policy Council will consider those policy issues that are primarily economic in nature; the Domestic Policy Council will consider those policy issues that are not primarily economic in nature.

These new councils build on the President's commitment to cabinet government and to the inclusion of department and agency heads in the Administration's decision-making process.

General Features

The streamlined, consolidated system will help clarify responsibility and enhance accountability for formulating and implementing economic and domestic policy.

- o The two new councils will replace the following:
 - Cabinet Council on Commerce and Trade
 - Cabinet Council on Economic Affairs
 - Cabinet Council on Food and Agriculture
 - Cabinet Council on Human Resources
 - Cabinet Council on Legal Policy
 - Cabinet Council on Management and Administration
 - Cabinet Council on Natural Resources and the Environment
 - Senior Interagency Group on International Economic Policy
- o The Economic Policy Council, the Domestic Policy Council and the National Security Council will serve as the primary channels for advising the President on policy.
- o The Vice President and the Chief of Staff will serve as ex-officio members of both the Economic and Domestic Policy Councils.
- o Executive department and agency heads who are not members of a council will be invited to attend the Council's meetings when issues involving their department or agency are under consideration.

-more-

Economic Policy Council

The increasing interrelatedness of the U.S. and international economies illustrates the importance of establishing a process that will examine economic issues in a comprehensive integrated way. The Economic Policy Council will provide the President with a single entity to advise him on domestic and international economic policy.

Membership

The Secretary of State
The Secretary of the Treasury
The Secretary of Agriculture
The Secretary of Commerce
The Secretary of Labor
Director, Office of Management and Budget
The United States Trade Representative
Chairman, Council of Economic Advisors

Heads of the national security community departments and agencies and the Assistant to the President for National Security Affairs will participate in council meetings when international policy or budget matters are discussed.

Chairmanship

The President will chair meetings of the Economic Policy Council. In his absence, the Secretary of the Treasury, who will serve as Chairman Pro Tempore, will preside at meetings of the Council.

Responsibilities

The Council will have the responsibility for advising the President on all aspects of national and international economic policy, and for overseeing the coordination and implementation of the Administration's economic policies.

Staff

The staff of the Council shall be headed by an Executive Secretary who will report to the Chief of Staff through the Cabinet Secretary.

Like the current cabinet councils, the Economic Policy Council will rely heavily on interagency subcabinet level Working Groups. This will enable it to utilize fully the expertise and resources of the departments and agencies, and to provide a structure through which departmental initiatives can be considered fully.

Domestic Policy Council

The Domestic Policy Council will provide the President with a single entity to advise him on domestic and social policy. By focusing decision making and advice through a single channel for domestic policy issues, this will enhance the prospects for developing such policies in a comprehensive and integrated way.

Membership

The Attorney General
The Secretary of the Interior
The Secretary of Health and Human Services
The Secretary of Housing and Urban Development
The Secretary of Transportation
The Secretary of Energy
The Secretary of Education
Director, Office of Management and Budget

Chairmanship

The President will chair meetings of the Domestic Policy Council. In his absence, the Attorney General, who will serve as Chairman Pro Tempore, will preside at meetings of the Council.

Responsibilities

The Council will have responsibility for advising the President on all aspects of domestic policy issues, and for overseeing the coordination and implementation of the Administration's domestic policies.

Staff

The staff of the Council shall be headed by an Executive Secretary who will report to the Chief of Staff through the Cabinet Secretary.

Like the current cabinet councils, the Domestic Policy Council will rely heavily on interagency subcabinet level Working Groups. This will enable it to fully utilize the expertise and resources of the departments and agencies, and to provide a structure through which departmental initiatives can be considered fully.

Overall Coordination

The White House Chief of Staff will have responsibility for ensuring that the activities of the National Security Council, the Economic Policy Council, and the Domestic Policy Council are fully coordinated. He will also have the responsibility for assigning topics to a particular Council.

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