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Canada, 07/19/1981-07/20/1981)  
**Case file Number(s):** 000221-018599  
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# WITHDRAWAL SHEET

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**FOIA**

F16-011

**Box Number**

BIERGANNIS

38

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
243448	PAPER	EAST-WEST ECONOMIC RELATIONS: A PRUDENT APPROACH, FIRST 2 PAGES ONLY	2	4/30/1981	B1
243449	PAPER	EAST-WEST ECONOMIC RELATIONS: A PRUDENT APPROACH	20	4/30/1981	
243527	FORM	TRANSMITTAL FORM	1	5/12/1981	B1
243450	MEMO	JAY RIXSE TO KENNETH CRIBB, RE: OTTAWA SUMMIT: EAST-WEST RELATIONS (CM45) PAPER	2	ND	B1
243451	PAPER	EDITED P.2, P. 13 OF #243449	2	ND	B1
243452	MEMO	BEN RUSCHE TO CRAIG FULLER, RE: OTTAWA SUMMIT: EAST-WEST ECONOMIC RELATIONS	1	ND	B1

**The above documents were not referred for declassification review at time of processing**

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C.F.

00056855

THE VICE PRESIDENT  
WASHINGTON

1120

WS F0006-01

OK  
F6258  
PR PR005-02  
F6038



DECLASSIFIED

Authority NSC/State Waivers

BY ah NARADATE 10/31/2017

March 26, 1981

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Ottawa Summit

I wanted to follow up briefly on your assignment to me to chair a Cabinet-level task force on the Ottawa Economic Summit.

One of the principal topics in Ottawa will be North-South issues. This is a key topic, especially in view of your decision to participate in the summit in Mexico in the Fall. The Canadians are responsible for the Summit background paper on this subject. To help point the Canadian paper in a direction consistent with our views, a paper on the topic was put together and coordinated interagency. My staff has approved it.

The paper is framed in a positive, realistic manner. It suggests that:

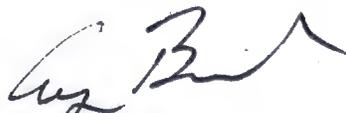
- Development will be a long, difficult process which requires overcoming many serious obstacles;
- Development depends on a strong international economy and strong, sustained domestic economic systems and performance;
- Development cannot happen overnight just by the infusion of resources;
- Industrial countries have done much to foster development through a number of private bilateral channels (trade, investment, training, etc.) as well as official assistance programs. The past and future benefits of these types of relations need to be stressed.

We will continue to emphasize these points, which I think will lead to a constructive discussion in Ottawa.

CONFIDENTIAL

There are several interdepartmental groups (IGs) working on the different agenda items for Ottawa. My staff is also working closely with the NSC staff and people on Jim Baker's staff and the Cabinet Council on Economic Affairs to ensure we develop well thought-out and coordinated positions well in advance of the summit.

I'll keep you abreast of our progress, and Cabinet-level reviews as they occur.



George Bush

-2-

CONFIDENTIAL

For the President's  
reading



No action required G-13

The Vice President

of the United States of America

DOCUMENT NUMBER = 000568SS

ACTDATE = 810326  
ADDNUMB =  
CREFDATE = 810327  
DOCDATE = 810326  
DSPDATE = 810330  
NAME = BUSH  
RCVDATE = 810327  
RECID = 000568SS  
STATE =  
UPDATE = 810331  
ZIP =

NAME GEORGE BUSH

ORG VICE PRESIDENT

UNCLASSIFIED  
OFC

SUBJECT OTTAWA SUMMIT (~~CONFIDENTIAL~~)  
CABINET - LEVEL TASK FORCE

SUBCODE F0006-01 FG038 PR005-02 TR009 FG258

INDCODE 1120

ACTION PRREAG RPI 810326 C 810330  
VPBUSH RSI 810326 C 810327



# U.S. National Archives & Records Administration

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Current Status	Open
User Name	dbarrle
Status Date	2019-07-19
Case Number	F16-011
Notes	2 p. Transferred to FO009

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No.	Status	Date	User	Case Number	Notes
1	Open	2019-07-19	dbarrle	F16-011	2 p. Transferred to FO009

RECEIVED 31 JAN 81 14

TO ALLEN

FROM POATS, *Rutherford*  
\*  
POATS

DOCDATE 30 JAN 81

05 FEB 81

013275

DR 1110

F0006-01  
FG006-12

KEYWORDS: ECONOMICS

SUMMIT

SUBJECT: MACROECONOMIC CLOUD ON THE HORIZON - ECONOMIC SUMMIT

ACTION: FOR INFORMATION

DUE:

STATUS C

FILES WH

FOR ACTION

FOR COMMENT

FOR INFO

ALLEN

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COMMENTS

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<i>RA</i>	<i>2/12</i>	<i>Add on / For information</i>		
<i>C</i>	<i>2/16</i>	<i>Noted by Allen</i>		<i>PO</i>

DISPATCH

WATCH FILE

(C)

*Ch...*

Re: 0143

NATIONAL SECURITY COUNCIL

RVA

I meant Henry Steele

RP

2/10/81  
RVA has seen

Peats  
FYI

12 FEB 1981

NATIONAL SECURITY COUNCIL

Feb. 5, 1981

TO : Richard Allen  
FROM : Rutherford Poats  
SUBJECT : Economic Summits

RVA:

I meant Henry Nau.

RP

Here is the short paper on economic summits that you requested.

Henry and I are working on some Ottawa Summit approach papers which he will send to you shortly. He concurs with the attached paper.

*is he here?*

*yes*

Will attach to draft memo.  
RP

We need, regrettably, a meeting on these. Probably take up at Staff meeting this week.

Plus needs to be merged w/ Henry's paper

(Put in dates of all prev. summits)

Done in revision  
~~attached~~

RP

Jue

RP  
2/15

Handwritten initials and a large orange 'U' mark.

~~SECRET~~

THE WHITE HOUSE  
WASHINGTON

C.F.

018557CA

F0006-01

**CABINET ADMINISTRATION STAFFING MEMORANDUM**

Close of business

DATE: 5/7/81

NUMBER: 018557CA

DUE BY: Monday, May 11

SUBJECT: Ottawa Summit: East-West Economic Relations (CM45)

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	✓ Allen 5/12	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>	✓ Anderson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Garrick	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Attorney General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Gray	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Agriculture	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Beal	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Annelise Anderson</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Labor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Dennis Kass</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Education	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Counsellor	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
✓ OMB	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
CIA	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
UN	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
USTR	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
✓ CEA	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
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	<input type="checkbox"/>	<input type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>			

Remarks: Attached please find the latest draft of "East-West Economic Relations: A Prudent Approach", which incorporates changes recommended by the Cabinet Council on Commerce and Trade at its April 15 meeting as well as additional input from member departments. Please complete a final review of this paper and submit in writing to the attention of Kenneth Cribb any additional comments by close of business Monday, May 11.

Tentatively scheduled for May 20, the State Department will brief the Cabinet Council on Commerce and Trade on Secretary Haig's discussions with NATO Ministers regarding the approach to East-West economic relations set forth in the paper.

RETURN TO: Craig L. Fuller  
Deputy Assistant to the President  
Director,  
Office of Cabinet Administration  
456-2823

CONTACT: Kenneth Cribb, Jr.  
Assistant Director  
Office of Cabinet  
Administration  
456-2800  
Room 127, O.E.O.B.

Handwritten date: 10/31/2017

UNCLASSIFIED UPON REVIEW OF CLASSIFIED ENCLOSURE(S)

~~SECRET~~



DEPARTMENT OF STATE

Washington, D.C. 20520

8114648

May 15, 1981

~~CONFIDENTIAL~~

DECLASSIFIED  
Authority State Waiver  
BY dh NARS DATE 10/31/2015

MEMORANDUM FOR MR. CRAIG FULLER  
THE WHITE HOUSE

SUBJECT: East-West Economic Relations

In response to your request (018557CA) for comments on the draft paper "East-West Economic Relations: A Prudent Approach," attached is the latest draft, dated April 30, 1981, which was used by Secretary Haig during his discussion with key Allies at the NATO Ministerial last week. This draft incorporates suggested changes to the April 28 draft. The differences between the two are minimal.

We have two changes to suggest. The introductory paragraph of the paper (not the summary) should be revised to read:

The West derives important benefits from economic relations with the East. Our goal must be to maintain access to these benefits while advancing Western security interests. To achieve this, economic relations with the Soviet Union should be consistent with the broad political-security objectives of the Summit Allies. These objectives include:

In addition, on page 11, at the end of the first paragraph, we suggest inserting:

It must be recognized that the USSR's ability to exercise economic leverage is greater than that of the West because the USSR can more easily elicit necessary cooperation from its East European allies to act in concert.

~~CONFIDENTIAL~~

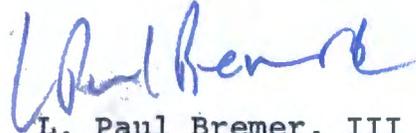
GDS 5/12/87

(with ~~SECRET~~ attachment)

~~CONFIDENTIAL~~

- 2 -

As agreed at the National Security Council meeting on April 30, Secretary Haig distributed the paper to key Allies during his trip to Rome. We are awaiting their comments.



L. Paul Bremer, III  
Executive Secretary

Attachment

As stated.

~~CONFIDENTIAL~~

## CABINET ADMINISTRATION STAFFING MEMORANDUM

Close of business  
Monday, May 11

DATE: 5/7/81 NUMBER: 018557CA DUE BY: \_\_\_\_\_  
SUBJECT: Ottawa Summit: East-West Economic Relations (CM45)

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Labor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Dennis Kass</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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OMB	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
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RETURN TO:

Craig L. Fuller  
Deputy Assistant to the President  
Director,  
Office of Cabinet Administration  
456-2823

156-6437

CONTACT: Kenneth Cribb, Jr.  
Assistant Director  
Office of Cabinet  
Administration

456-2800  
Room 127, O.E.O.B.

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243448	PAPER  EAST-WEST ECONOMIC RELATIONS: A PRUDENT APPROACH, FIRST 2 PAGES ONLY	2	4/30/1981	B1

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Appendix A

Table I

Trade Data for Summit Countries & Eastern Europe

1979	USA	Canada	Japan	UK	France	FRG	Italy	TOTAL
GNP (\$b)	2,369	219	1,030	394	570	760	319	5,661
Exports (\$b)	182	58	102	91	101	172	72	778
Imports (\$b)	207	54	110	103	107	160	78	819
Exports/GNP (%)	7.7	25.1	10.1	22.6	17.1	22.9	22.3	13.7
Exports to USSR (\$m)*	3,607(2.0)	654(1.2)	2,442(2.4)	889(1.0)	2,005(2.1)	3,619(2.1)	1,218(1.7)	14,434(1.9)
Exports to E. Eur. (\$m)	2,066(1.1)	338(0.7)	802(0.8)	1,169(1.3)	2,022(2.1)	7,650(4.4)	1,415(1.9)	15,462(2.0)
Imports from USSR (\$m)	874(0.4)	55(0.1)	1,913(1.7)	1,756(1.7)	1,790(1.7)	3,893(2.4)	2,063(2.7)	12,344(1.5)
Imports from E. Eur. (\$m)	990(0.5)	202(0.4)	320(0.3)	1,202(1.1)	1,500(1.4)	6,533(4.2)	1,804(2.3)	12,551(1.5)

1979	USSR	E. Eur.	Bulgaria	Czech.	GDR	Hungary	Poland	Romania
GNP(\$b)	1,375	427	27	77	89	36	119	79
Exports (\$b) incl. CEMA	65	78	9	14	17	11	17	10
Imports (\$b) incl. CEMA	58	83	9	14	19	12	18	11
Exports/GNP (%)	4.7	18.3	33.3	18.2	19.1	30.6	14.3	12.6
Imports from Summit Countries (\$m)	14,434(24.9)	15,462(18.6)	842(9.4)	1,898(13.6)	3,877+(20.4)	1,895(15.8)	4,133(23.0)	2,817(25.6)
Exports to Summit Countries (\$m)	12,344(19.0)	12,551(16.1)	562(6.2)	1,648(11.8)	3,127+(18.4)	1,686(15.3)	3,305(30.0)	2,223(22.2)

\* Numbers in parentheses indicate percent of world exports and imports represented by this bilateral trade.

+ Imports from FRG 2,574; exports to FRG 2,440.

## APPENDIX A

TABLE II

## TRENDS IN TRADE OF NATO AND JAPAN WITH USSR AND E. EUROPE

EXPORTS TO (\$m.)	EASTERN EUROPE			USSR			TOTAL		
	<u>1969</u>	<u>1974</u>	<u>1979</u>	<u>1969</u>	<u>1974</u>	<u>1979</u>	<u>1969</u>	<u>1974</u>	<u>1979</u>
NATO Europe	2,766	9,560	14,764	1,399	4,198	8,970	4,165	13,758	23,734
USA and Canada	159	954	2,404	115	639	4,261	274	1,593	6,665
Japan	74	574	802	268	1,095	2,442	342	1,669	3,244
TOTAL	2,999	11,088	17,970	1,782	5,932	15,673	4,781	17,020	33,643
Total to World							164,710	473,127	934,080
% of World	1.8%	2.3%	1.9%	1.1%	1.3%	1.7%	2.9%	3.6%	3.6%
IMPORTS FROM: (\$m.)									
NATO Europe	2,568	7,036	14,266	1,519	4,450	12,096	4,087	11,486	26,362
USA and Canada	203	702	1,192	63	374	929	266	1,076	2,121
Japan	113	277	320	462	1,417	1,913	575	1,694	2,233
TOTAL	2,884	8,015	15,778	2,044	6,241	14,938	4,928	14,256	30,716
Total from World							170,771	507,852	1,001,493
% of World	1.7%	1.6%	1.6%	1.2%	1.2%	1.5%	2.9%	2.8%	3.1%

Appendix A

Table III

Summit Countries: Trade with the USSR and Eastern Europe, 1979<sup>1/</sup>  
(by Commodity Classification)

	Big Seven Exports				Big Seven Imports			
	USSR	Eastern Europe (million US \$)	Total	Share in total Big 7 Exports (percent)	USSR	Eastern Europe	Total	Share in total Big 7 Exports
Machinery & Equipment	4,432	5,022	9,454	3.1	327	1,279	1,606	0.9
Fuels	0	628	628	1.7	4,864	2,326	7,190	3.6
Chemicals	1,555	2,377	3,932	5.0	1,117	827	1,944	3.6
Metals	3,118	1,728	4,846	10.1	75	1,123	1,198	3.7
Wood & Wood Products	2	37	39	0.6	1,251	322	1,573	9.3
Foodstuffs, Beverages, Tobacco	3,595	2,566	6,161	8.1	204	1,888	2,092	2.1
Other Consumer Goods	678	1,265	1,943	2.0	155	2,846	3,001	-
Other	<u>1,080</u>	<u>1,842</u>	<u>2,922</u>	<u>2.5</u>	<u>3,612</u>	<u>2,110</u>	<u>5,722</u>	<u>4.1</u>
TOTAL	14,460	15,465	29,925	3.9	11,605	12,721	24,326	3.0

<sup>1/</sup> Canada, France, Italy, Japan, United Kingdom, United States, and West Germany.

Source: Western foreign trade statistics.

## Appendix A

Table IV

Exports of Summit Countries to E. Europe & USSR  
by SITC Commodity Categories, 1979  
(\$ million)

	<u>Bulgaria</u>	<u>Czech.</u>	<u>GDR</u>	<u>Hungary</u>	<u>Poland</u>	<u>Romania</u>	<u>Total E. Eur.</u>	<u>USSR</u>	<u>TOTAL</u>
Food & Live Animals	71	280	562	83	942	271	2,209	2,965	5,174
Beverages & Tobacco	10	9	56	4	26	3	108	29	137
Crude Materials	37	121	121	74	238	235	826	709	1,535
Fuels	4	23	352	24	24	200	627	81	708
Animal & Vegetable Oils	1	2	58	4	42	11	118	94	212
Chemicals	151	364	534	412	564	302	2,327	1,413	3,740
Manufactured Goods, by material	271	334	933	484	923	657	3,602	4,166	7,768
Machinery & Transportation Equipment	248	643	1,067	663	1,207	1,025	4,853	4,308	9,161
Miscellaneous Manufactured Articles	38	94	155	116	117	91	611	409	1,020
Not Classified	8	18	30	22	23	9	110	88	198
	839	1,888	3,868	1,886	4,106	2,804	15,391	14,262	29,653

Source: OECD & National Trade Statistics

(Numbers between tables may differ slightly due to differences between sources.)

## Appendix A

Table V

Imports of Summit Countries from E. Europe & USSR  
by SITC Commodity Categories, 1979  
(\$ million)

	<u>Bulgaria</u>	<u>Czech.</u>	<u>GDR</u>	<u>Hungary</u>	<u>Poland</u>	<u>Romania</u>	<u>Total E. Europe</u>	<u>USSR</u>	<u>TOTAL</u>
Food & Live Animals	92	122	330	413	646	164	1,767	159	1,926
Beverages & Tobacco	59	8	20	26	14	16	143	33	176
Crude Materials	39	220	150	133	336	92	970	2,053	3,023
Fuels	110	138	662	79	662	672	2,323	5,905	8,228
Animal & Vegetable Oils	5	6	-	4	13	24	52	8	60
Chemicals	27	125	278	141	120	73	764	1,204	1,968
Manufactured Goods, by material	123	542	779	304	673	475	2,896	980	3,876
Machinery & Transportation Equipment	37	232	317	210	427	163	1,386	329	1,715
Miscellaneous Manufactured Articles	67	228	632	361	424	567	2,279	98	2,377
Not Classified	8	35	25	27	32	9	136	99	235
	567	1,656	3,193	1,698	3,347	2,255	12,716	10,868	23,584

Source: OECD & National Trade Statistics

(Numbers between tables may differ slightly due to differences between sources.)

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THE WHITE HOUSE

WASHINGTON

DECLASSIFIED  
BY NARA *dlr* DATE 11/8/21/17

May 13, 1981

MEMORANDUM FOR DENNIS KASS

FROM: Kenneth Cribb, Jr. *TKC*

SUBJECT: Comments on "East-West Economic Relations: A Prudent Approach"

I attach written comments received as of 9:00 A.M., May 13. In addition, Martin Anderson returned his copy without comments. The Department of Labor approved the draft by telephone.

The attached comments are from:

Treasury  
Defense  
Justice  
OMB  
NSC  
Energy  
Commerce  
CEA  
USDA

A copy of this package has been forwarded to Henry Nau of the NSC.

NOTE: USDA penned its revisions directly onto its copy. Since only pages two and thirteen were revised, I attach only those pages. TKC, Jr.

~~SECRET~~



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

MAY 12 1981

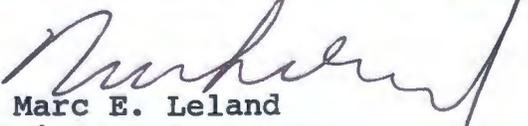
MEMORANDUM FOR KENNETH CRIBB, JR.  
ASSISTANT DIRECTOR  
OFFICE OF CABINET ADMINISTRATION

Subject: Treasury Comments on "East-West Economic  
Relations: A Prudent Approach"

The latest April 28 draft of the paper contains our major suggestions and comments. There are however, two new passages in the draft which were not cleared by us and to which we must object.

On page 13, the last sentence of the first paragraph recommends contingency planning for possible disruption of international financial markets resulting from Eastern European debt problems. There is already monitoring and contingency planning for this kind of a problem on a continuous basis within the Government and multilaterally with our allies involving senior financial officials. There is therefore no need for a separate plan dealing only with Eastern Europe. The present sentence on contingency planning should be changed to read: Contingency planning, in so far as possible through existing structures, is also needed for possible disruption of international financial markets resulting from Eastern debt problems.

The second passage on pages 19-20 deals with the difficult questions raised by possible IMF membership application by Eastern European countries. This certainly deserves detailed consideration. However, the lengthy textural discussion deals with only some of the problems and some of the advantages and is neither fully balanced nor accurate. Therefore we strongly recommend reverting back to the treatment of the subject in the earlier draft which had one declarative sentence about the need to pursue the question of possible IMF membership, adding to it the phrase that it is not at all clear that Communist countries are really prepared to comply with the Fund's method of operation.

  
Marc E. Leland  
Assistant Secretary  
International Affairs

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243450	MEMO  JAY RIXSE TO KENNETH CRIBB, RE: OTTAWA SUMMIT: EAST-WEST RELATIONS (CM45) PAPER	2	ND	B1

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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

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MAY 12 1981

DECLASSIFIED

Authority E.O. 13526 Sec. 3.3(b)  
BY sdb NARA DATE 10/31/2019

MEMORANDUM TO: CRAIG FULLER

FROM: David A. Stockman *AS*

SUBJECT: Ottawa Summit: East-West Economic Relations (CM 45)

I am in general agreement with the thrust of the paper and the discussion is considerably improved from previous drafts. Nonetheless, certain concerns remain on several sections of the paper.

(1) Strategic controls - there are two areas that are troublesome:

- o Effectiveness of the Coordinating Committee (COCOM) - The paper states that, "Despite its informal nature, COCOM has been relatively successful in slowing the transfer of militarily significant technology to the East." There is, however, considerable disagreement over the success of COCOM in slowing technology transfer. Some American business interests believe that the U.S. has not maintained significant lead time over the Communist countries in the development and application of technology. They suggest that, except for oil and drilling technology, the Communist countries can find a number of suppliers for other technology imports. Thus, U.S. companies are effectively losing important markets.
- o Stricter controls - A central policy issue is raised by the need to control sensitive technologies versus the desire to increase exports. The discussion seems to be weighted toward the idea of stricter export controls and stronger enforcement measures. However, this must be balanced against a concern over whether the list of critical technologies subject to control has in fact become too all inclusive, to the detriment of U.S. manufacturers' ability to compete with foreign producers. The argument is made by U.S. businesses that a greater effort is needed to target licensing controls to the truly critical areas and concentrate compliance efforts there, while releasing some of the items currently controlled which are already available elsewhere.
- o Recommendation - The paper suggests that "the Summit countries may wish to consider whether the Western allies need to create a new forum to conduct periodic high-level policy discussions called for by

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DERIVED FROM Cabinet Admin.staff

the complex and serious questions raised in this section." However, the analysis in the paper does not support this conclusion (the paper states that COCOM has been relatively successful), and I am concerned that this suggestion will divert the member nations into a discussion of new groups and mechanisms for dealing with strategic controls, rather than concentrating on ways of improving the existing forum. It would be preferable to suggest that the Allies surface and address the current problems with COCOM and focus on how it can be strengthened. Developing a new forum could possibly be counter-productive in diverting attention from key questions of Allied countries' cooperation.

(2) Economic security - further analysis in several areas may be desirable prior to the Summit:

- o Importance of trade to our allies - The paper argues that our Western European allies have a much higher stake in their trade with the East than the U.S., Canada and possibly Japan. The data provided do not, however, adequately back this up. Before accepting this as a conclusion to be used in general discussions as well as in bilaterals, more refined analysis on a country-by-country basis of the importance of trade relationships may be useful. It may be that more should be expected of our allies.
  - o International Financial Markets - I strongly concur on the importance of contingency planning for possible disruption of international financial markets resulting from debt problems. The Polish debt renegotiation indicates that the scale of these problems can be significant budgetarily as well.
  - o Concessional export credits - The issue of whether subsidized export credits to the East should be continued is an important one, but one which fits within a larger issue we have with our allies (and especially France). We have been trying unsuccessfully for years to get European countries to agree to eliminate subsidies on export credits generally. Whether the issue of subsidized credit to the East should be discussed separately from the general issue is not addressed in the paper.
- (3) European Influence - The relationship between encouraging or influencing Eastern European countries to adopt policies that enable them to maintain stable economic growth (and to service western debt) and our desire to avoid enhancing Soviet ability to support military programs is not directly addressed. That is, rapid, stable economic growth in Eastern Europe can contribute to western trade and financial interests but can, at the same time, reduce the costs to the Soviet Union of maintaining its relations with these countries and "contribute more broadly to Soviet ability to support military programs at levels that Western countries with different domestic constraints find it increasingly difficult to match." (page 3) This inherent conflict needs to be discussed more thoroughly, even though the paper notes that recent history suggests that western economic influence is not very great.



**DEPARTMENT OF AGRICULTURE**

**OFFICE OF THE UNDER SECRETARY**

**WASHINGTON, D.C. 20250**

May 12, 1981

TO: Kenneth Cribb, Jr.  
Assistant Director  
Office of Cabinet  
Administration

FROM: Tom Hammer *TH*

SUBJECT: Ottawa Summit: East-West Economic Relations

USDA comments have been incorporated in the attached paper as per your request of May 7, 1981. We have no further suggestions.

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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON, D.C. 20506

May 11, 1981

MEMORANDUM FOR CRAIG FULLER

From: Murray L. Weidenbaum 

Subject: Comments on "East-West Economic Relations:  
A Prudent Approach"

As a basis for discussion, the present paper is acceptable. I am pleased to see that the emphasis on government management of trade has been downplayed from the earlier draft.



**THE SECRETARY OF COMMERCE**  
Washington, D.C. 20230

**MAY 11 1981**

Mr. Kenneth Cribb, Jr.  
Assistant Director  
Office of Cabinet Administration  
The White House  
Washington, D.C. 20500

Dear Mr. Cribb:

We have reviewed the Ottawa Summit East-West Economic Relations paper, and I think it conveys the message that we all agreed to in substance on April 15. However, I do believe we must have the benefit of Secretary Haig's May 20 briefing on his recent European trip before we can prepare a final version of the paper

In addition, I note that we still do not discuss China in this paper. Although I recognize that a separate IG is preparing an options paper for the President, I believe we must consider further the necessity of incorporating an explanation for our allies as to why we, the U.S., do not put China in the same category as other Communist countries. The allies will want reasons why they should follow our lead.

Sincerely,

  
Secretary of Commerce



U.S. Department of Justice

Office of the Attorney General

---

Washington, D.C. 20530

MEMORANDUM

May 11, 1981

TO : Kenneth Cribb, Jr.  
Assistant Director  
Office of Cabinet Administration

FROM : Hank Habicht *HH*  
Special Assistant to the Attorney General

SUBJECT : Department of Justice Comments with Regard  
to Paper on East-West Economic Relations

After review of the most recent draft paper on East-West Economic Relations, the Department of Justice has only one substantive comment to offer.

The Department is in accord with substantive provisions of the paper. As a matter of presentation, however, we would recommend that the paper somewhere expressly disclaim that to the extent that the paper proposes non-free trade approaches to East-West trade, these approaches are narrow exceptions, due to strategic and related considerations, to the Administration's general free-trade philosophy. It appears to be to our advantage, whenever possible, to be explicit in our free-trade commitment.

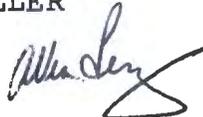
NATIONAL SECURITY COUNCIL

May 11, 1981

MEMORANDUM FOR CRAIG L. FULLER

FROM:

ALLEN LENZ



SUBJECT:

Draft on "East-West Economic Relations:  
A Prudent Approach"

As you know, the NSC staff drafted in large part the paper titled "East-West Economic Relations: A Prudent Approach." The staff has no further comments on the present draft and expects to be fully involved in any revisions of this draft based on additional comments received by COB Monday, May 11.

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243452	MEMO  BEN RUSCHE TO CRAIG FULLER, RE: OTTAWA SUMMIT: EAST-WEST ECONOMIC RELATIONS	1	ND	B1

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COMMENTS DISCUSSED AT CC ON COMMERCT & TRADE - HAIG GIVEN APPROVAL TO DISCUSS WITH OTTAWA SUMMIT PARTICIPANTS