THE WHITE HOUSE

WASHINGTON

September 11, 1984

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS

SUBJECT: Extension of Embargo Authorities

Richard Darman has asked for our approval as soon as possible on a Presidential Determination to extend for an additional year the exercise of certain authorities under the Trading With the Enemy Act, 50 U.S.C. App. § 5. When amendments to that Act were passed in 1977, Congress provided that authorities under the Act that were then being exercised could be extended for one-year periods upon a determination for each extension that it was "in the national interest of the United States." Pub. Law 95-223, 91 Stat. 1625 § 101(b). The extensions with respect to trade embargoes against Kampuchea, Cuba, North Korea, and Vietnam; controls on the exports of strategic goods; and the freezing of assets of certain communist countries are due to expire on September 14. 48 Fed. Reg. 40695 (1983). The exercise of these authorities has been extended every year since 1978, and the proposed extension for this year is identical, mutatis mutandis, to the previous extensions. The extension cites the correct authority and contains the statutorily required determination that extension is in the national interest. I have no objections.

Attachment

THE WHITE HOUSE

WASHINGTON

September 11, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING Orig. signed by FFF
COUNSEL TO THE PRESIDENT

SUBJECT: Extension of Embargo Authorities

Counsel's Office has reviewed the above-referenced Presidential Determination, and finds no objection to it from a legal perspective.

FFF:JGR:aea 9/11/84
cc: FFFielding/JGRoberts/Subj/Chron

ID # _____ CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Richard Darman

☐ **MI Mail Report** **User Codes: (A)** _____ **(B)** _____ **(C)** _____

Subject: Extension of Embargo Authorities

ROUTE TO: | **ACTION** | **DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
Cuttoo	ORIGINATOR	84/09/10			1 1
CURT 18	Referral Note: D	84/09/10		S	84/09/11
	Referral Note:				9:00
		1 1			1 1
	Referral Note:				
		1 1			1 1
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		1 1			1 1
	Referral Note:				

ACTION CODES:
A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet to be used as Enclosure
I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:
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B - Non-Special Referral
C - Completed
S - Suspended

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Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

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

SEP 10 3:22

SEP 10 1984

MEMORANDUM FOR: THE PRESIDENT

FROM: David A. Stockman DAS

SUBJECT: Extension of Embargo Authorities

The statutory authority under the Trading With the Enemy Act for certain regulations administered by Treasury's Office of Foreign Assets Control will expire on September 14, 1984, unless you extend it. These regulations implement: (1) U.S. trade and financial embargoes against Kampuchea, Cuba, North Korea, and Vietnam; (2) controls on exports to communist countries of U.S. strategic goods located abroad; and (3) the freezing of assets of certain communist countries.

I recommend that you sign the attached Determination that it is in the national interest to extend this authority for a one-year period.

This document should be signed no later than Tuesday, September 11, 1984, so that the Determination can be published in the Federal Register on September 12, prior to the expiration date of the current authority. The Departments of State, Justice and Treasury concur in this recommendation.

Attachment

THE WHITE HOUSE

WASHINGTON

Presidential Determination
No._____

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY

SUBJECT: Extension of the Exercise of Certain Authorities Under the Trading With the Enemy Act

Under section 101(b) of Public Law 95-223 (91 Stat. 1625, 50 U.S.C. App. 5(b) note), and a previous determination made by the President on September 7, 1983 (48 Fed. Reg. 40695 (1983)), the exercise of certain authorities under the Trading With the Enemy Act is scheduled to terminate on September 14, 1984.

I hereby determine that the extension for one year of the exercise of those authorities with respect to the applicable countries is in the national interest of the United States.

Therefore, pursuant to the authority vested in me by section 101(b) of Public Law 95-223, I extend for one year, until September 14, 1985, the exercise of those authorities with respect to countries affected by:

(1) the Foreign Assets Control Regulations, 31 CFR Part 500;

(2) the Transaction Control Regulations, 31 CFR Part 505;

(3) the Cuban Assets Control Regulations, 31 CFR Part 515; and

(4) the Foreign Funds Control Regulations, 31 CFR Part 520.

This memorandum shall be published in the Federal Register.

THE WHITE HOUSE

WASHINGTON

October 25, 1984

MEMORANDUM FOR BEN ELLIOTT
DEPUTY ASSISTANT TO THE PRESIDENT
DIRECTOR, PRESIDENTIAL SPEECHWRITING

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Proposed Presidential Remarks:
Signing Ceremony for the Tariff
and Trade Act of 1984

Counsel's Office has reviewed the above-referenced draft remarks. On page 2, line 12, "export" should be "import."

cc: Richard G. Darman

ID #_____ CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Richard Dauman

☐ **MI Mail Report** **User Codes: (A)** _____ **(B)** _____ **(C)** _____

Subject: Proposed Presidential Remarks: Signing Ceremony for Tariff and Trade Act of 1984

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
	Cuttle	ORIGINATOR	84/10/25			1 1
	CU/PTB	Referral Note:				
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	CU/PT-17	Referral Note:				
		F	84/10/25			1 1
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ACTION CODES:
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Document No. _____

WHITE HOUSE STAFFING MEMORANDUM

DATE: 10/25/84 ACTION/CONCURRENCE/COMMENT DUE BY: c.o.b. TODAY

SUBJECT: PROPOSED PRESIDENTIAL REMARKS: SIGNING CEREMONY FOR TARIFF AND TRADE ACT OF 1984

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	MURPHY	☐	☑
MEESE	☐	☑	OGLESBY	☑	☐
BAKER	☐	☑	ROGERS	☐	☐
DEAVER	☐	☑	SPEAKES	☐	☑
STOCKMAN	☑	☐	SVAHN	☑	☐
DARMAN	☐P	☑SS	VERSTANDIG	☑	☐
FIELDING	☑	☐	WHITTLESEY	☑	☐
FULLER	☑	☐	TUTWILER	☑	☐
HERRINGTON	☐	☐	WIRTHLIN	☑	☐
HICKEY	☐	☐	BARODY	☑	☐
McFARLANE	☑	☐	ELLIOTT	☐	☑
McMANUS	☐	☑	NISKANEN	☐	☐

REMARKS:

Please provide any edits/comments directly to Ben Elliott's Office by close of business TODAY. Thank you.

RESPONSE:

Richard G. Darman
Assistant to the President
Ext. 2702

(Robinson/BE)
October 25, 1984
1:00 p.m.

PRESIDENTIAL REMARKS: SIGNING CEREMONY FOR
TARIFF AND TRADE ACT OF 1984
TUESDAY, OCTOBER 30, 1984

Good afternoon, and welcome to the White House for the signing of the Tariff and Trade Act of 1984 -- a crucial piece of legislation and a triumph for the legislative process. I believe this bill represents the most important trade law approved by the Congress in more than a decade.

In its first form, the bill was strongly protectionist. It would have sharply limited our trade with other nations by smothering that trade with restrictions, quotas, and regulations. Yet, we know that if America wants more jobs, greater prosperity, and a dynamic, competitive economy, the answer is more world trade, not less. I could not in good conscience have signed the bill as it stood, and I don't believe many Members of the Congress were satisfied with it, either.

Then the bill went to a conference committee, and together, Senators, Representatives, and Bill Brock, our United States Trade Representative, rolled up their sleeves and went to work. In the words of an editorial in the Washington Post, ". . . most of the bad stuff [in the bill] got thrown out and all of the good stuff stayed in." The result is a fine piece of legislation that stands four-square behind free and fair trade.

To name some of the central provisions, this bill will extend into a new decade the G.S.P., or Generalized System of Preferences, that gives duty-free treatment to many products from 140 lesser-developed countries. This provision will give those

countries the chance to help their people by benefitting from America's powerful economic expansion. American industry will be helped in turn, as these lesser-developed countries accept more responsibility for protecting patents and trademarks.

While promoting free trade, this new act insists on something just as important: fair trade. A section of the bill, originally known as Senator Danforth's "Reciprocity" proposal, gives the President new ability to lower foreign barriers to trade -- especially in the dynamic and rapidly-growing areas of services, investment, and high technology.

This bill gives the President new authority to enforce steel export restraints. The legislation will, therefore, help us to prevent steel from being dumped in the American market at artificially low prices -- and that means we'll be able to help make certain our steelworkers get the fair shake they've always deserved.

To strengthen relations with one of our closest allies, the bill contains a bold new initiative authorizing the establishment of a free trade area agreement with Israel. When concluded, this agreement will completely eliminate the trade barriers between our two countries, allowing the duty-free entry of Israeli products into the United States, while making the Israeli market wide-open to American goods. Over the past 5 years, our trade with Israel has been growing at an average annual rate of some 10 percent. This bill will enable that vital economic partnership to grow even faster in years to come.

Everyone who had a hand in passing this outstanding legislation deserves our thanks. Congratulations to the conferees, especially Congressman Dan Rostenkowski, chairman of the House Ways and Means Committee; Congressmen Conable and Frenzel; Senator Bob Dole, Chairman of the Senate Finance Committee; and Senator John Danforth, chairman of the Senate International Trade Subcommittee. Special thanks to our United States Trade Representative, Bill Brock. Bill worked tirelessly, with great skill and dedication.

This Tariff and Trade Act of 1984 signals to the world that America does not fear free trade, because the American people can produce and compete on a par with anybody in the world. Each of you has my heartfelt thanks, and more important, the gratitude of the Nation.

Thank you, God bless you, and now let me sign the bill.

THE WHITE HOUSE

WASHINGTON

October 25, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: H.R. 3398 -- Trade and Tariff Act of 1984

Counsel's Office has reviewed the above-referenced enrolled bill, and finds no objection to it from a legal perspective.

ID # 244963 CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
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Date Correspondence Received (YY/MM/DD) 1 1

JGR

Name of Correspondent: Richard Darman

☐ **MI Mail Report** **User Codes: (A)** _____ **(B)** _____ **(C)** _____

Subject: H.R 3398 - Trade and Tariff Act of 1984

ROUTE TO: | **ACTION** | **DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CUTHOU	ORIGINATOR	84/10/24			1 1
	Referral Note:				
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	Referral Note:				
		1 1			1 1
	Referral Note:				
		1 1			1 1
	Referral Note:				

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THE WHITE HOUSE

WASHINGTON

January 7, 1986

MEMORANDUM FOR DONALD T. REGAN
CHIEF OF STAFF

FROM: FRED F. FIELDING Orig. signed by FFF
COUNSEL TO THE PRESIDENT

SUBJECT: Japan/U.S. Trade

You have asked for my views on a response to the attached letter from Senator Bradley to you, complaining about the position taken by the Solicitor General as amicus curiae in Matsushita v. Zenith. In that case, the Solicitor General argued that certain Japanese television manufacturers should not have been subject to a private antitrust suit, because the challenged conduct was compelled by the Japanese government. This "sovereign compulsion defense" is available in private antitrust suits, but not in suits brought by the United States.

It is our usual policy to avoid discussing the merits of particular cases involving the United States that are pending before the Supreme Court. The positions of the Government in such cases are formulated by the Department of Justice, and the arguments are articulated in the briefs. Our policy of avoiding discussion of particular pending cases helps preserve public confidence in the impartial administration of the laws, provides some distance when, for legal reasons, Justice must take politically unpalatable positions, and avoids jeopardizing the normal litigation process. A copy of a proposed reply to Senator Bradley, for my signature, is attached.

Attachment

Approve_____ Disapprove_____

FFF:JGR:aea 1/7/86
cc: FFFielding
JGRoberts
Subj
Chron

THE WHITE HOUSE

WASHINGTON

January 7, 1985

Dear Senator Bradley:

Thank you for your recent letter to White House Chief of Staff Don Regan. In that letter you objected to the amicus curiae brief filed by the Department of Justice in Matsushita Electric Industrial Co., Ltd. v. Zenith Radio Corporation. That case was recently argued before the Supreme Court of the United States, and is currently awaiting decision.

It is the general policy of the White House not to discuss the merits of litigation pending before the Supreme Court involving the United States. The views of the Administration in such cases are formulated and presented by the Department of Justice, in the briefs filed by that Department in the course of the litigation.

I have, however, taken the liberty of referring your correspondence to the Department of Justice, so that the Department will have the benefit of your views.

Sincerely,

Fred F. Fielding
Counsel to the President

The Honorable Bill Bradley
United States Senate
Washington, D.C. 20510

FFF:JGR:aea 1/7/86
bcc: FFFielding
JGRoberts
Subj
Chron

THE WHITE HOUSE
WASHINGTON

1/7

TO: FFF

FROM: John G. Roberts, Jr.
Associate Counsel
to the President JGR

☐ FYI

☐ COMMENT

☐ ACTION

THE ATTACHED REVISED MEMO TO REGAN HAS AN "APPROVE/DISAPPROVE" LINE TO TRIGGER YOUR LETTER.

THE WHITE HOUSE

WASHINGTON

January 7, 1985

MEMORANDUM FOR D. LOWELL JENSEN
DEPUTY ATTORNEY GENERAL
U.S. DEPARTMENT OF JUSTICE

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Japan/U.S. Trade

The attached correspondence from Senator Bradley, objecting to the Department's filing as amicus curiae in Matsushita v. Zenith, is forwarded for whatever consideration and response you deem appropriate. I have also attached a copy of my reply to Bradley.

Many thanks.

Attachments

FFF:JGR:aea 1/7/86
cc: FFFielding
JGRoberts
Subj
Chron

THE WHITE HOUSE

WASHINGTON

December 30, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS

SUBJECT: Japan/U.S. Trade

Senator Bradley has written Mr. Regan to complain about the Justice Department filings as amicus curiae in Matsushita v. Zenith, which was argued before the Supreme Court on November 12. You may recall that the Chairman of Zenith wrote Mr. Regan with the same complaint in October. A copy of the memorandum I wrote for you at that time, summarizing the case and the position of the Solicitor General, is attached for your information.

I see no reason to debate Justice's position with Bradley; I would leave that to Justice, if anyone. A standard "pending litigation" response is attached for your signature, as is a brief memorandum for Regan, explaining the proposed response.

Attachment

THE WHITE HOUSE

WASHINGTON

May 30, 1985

MEMORANDUM FOR DAVID L. CHEW
STAFF SECRETARY

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Commerce Recommendation Regarding No Trade Sanctions Against USSR Under Pelly Amendment (Report to Congress)

Counsel's Office has reviewed the letter to the President from Secretary Baldrige concerning possible trade sanctions against the Soviet Union under the Pelly Amendment, and the accompanying proposed report to Congress. The report to Congress complies with the reporting requirements of the Pelly Amendment, 22 U.S.C. § 1978(b), and this office has no legal objection to its transmittal.

ID # 302934 CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Dave Chew

☐ **MI Mail Report** **User Codes: (A)** _____ **(B)** _____ **(C)** _____

Subject: Commerce recommendation re no trade sanctions against USSR under Pelly Amendment (report to the Congress)

ROUTE TO: | **ACTION** | **DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
HOLL	ORIGINATOR	85/05/24			1 1
	Referral Note:				
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		1 1			1 1
	Referral Note:				

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Document No. 302934ss

WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/29/85 **ACTION/CONCURRENCE/COMMENT DUE BY:** NOON TOMORROW 5/30

SUBJECT: COMMERCE RECOMMENDATION RE NO TRADE SANCTIONS AGAINST USSR UNDER PELLY AMENDMENT (REPORT TO THE CONGRESS)

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	LACY	☐	☐
REGAN	☐	☑	McFARLANE	☑	☐
STOCKMAN	☑	☐	OGLESBY	☑	☐
BUCHANAN	☐	☐	ROLLINS	☐	☐
CHAVEZ	☐	☐	RYAN	☐	☐
CHEW	☐P	☑SS	SPEAKES	☐	☑
DANIELS	☐	☐	SPRINKEL	☐	☐
FIELDING	☑	☐	SVAHN	☑	☐
FRIEDERSDORF	☑	☐	TUTTLE	☐	☐
HENKEL	☐	☐	_____	☐	☐
HICKEY	☐	☐	_____	☐	☐
HICKS	☐	☐	_____	☐	☐
KINGON	☐	☑	_____	☐	☐

REMARKS:

Please provide any comments/recommendations on the attached report to the Congress by noon tomorrow, 5/30. Thank you.

RESPONSE:

LCS [illegible] 4:47

David L. Chew
Staff Secretary
Ext. 2702

9

AK-95

934

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MAY 2 8 1985

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

On April 1, 1985, I certified to you, under the Pelly Amendment to the Fishermen's Protective Act of 1967, that nationals of the Soviet Union were conducting whaling operations that diminished the effectiveness of the International Whaling Commission (IWC) conservation programs. I stated at the time that the Department of Commerce would develop recommendations on fish import prohibitions authorized by the Pelly Amendment and on any further actions that should be taken as a result of my certification.

I do not believe that an embargo under the Pelly Amendment on Soviet fish imports would add much to other U.S. efforts to change Soviet whaling policy. Such other efforts include reducing Soviet fishing in our exclusive economic zone by the required 50 percent under the Magnuson Fishery Conservation and Management Act, as well as persuading the Japanese to close their markets to Soviet whale products taken in excess of IWC limits. The effects on the Soviet Union of a Pelly Amendment embargo would probably be negligible because the imported products are highly desired items, like king crab, for which the Soviet Union could readily find other markets.

At the same time, U.S. fishing interests could be significantly harmed if the embargo resulted in the elimination of the single U.S.-USSR joint venture company, which provides the largest single groundfish market for U.S. fishermen on the west coast.

I therefore recommend that no trade sanctions be imposed on the Soviet Union at this time. I have consulted with the Departments of State and Treasury in developing this recommendation. If no progress is made in bringing the Soviet Union into compliance with the objectives of the IWC conservation program, I may recommend additional actions.

In accordance with my recommendation, I enclose a proposed Report to Congress, for your submission by the statutory deadline of June 1, 1985. It states that no action is being taken at this time for the reasons set forth above, and indicates that you will inform Congress of any further developments.

Sincerely,

Secretary of Commerce

Enclosure

TO THE CONGRESS OF THE UNITED STATES:

Pursuant to the provisions of subsection (b) of the Pelly Amendment to the Fishermen's Protective Act of 1967, as amended (22 U.S.C. 1978(b)), I am reporting to you following certification by the Secretary of Commerce that the Soviet Union has conducted whaling activities that diminished the effectiveness of the International Whaling Commission conservation program.

Under the Pelly Amendment, when the Secretary of Commerce determines that a foreign country is conducting a fishing operation that diminishes the effectiveness of an international fishery conservation program, he will certify this determination to the President. After receiving a certification, the President may direct the Secretary of the Treasury to embargo the offending country's fishery products to the limits of the General Agreement on Tariffs and Trade. Within 60 days following the certification, the President is required to notify the Congress of any action taken under the certification.

On April 1, 1985, Secretary of Commerce Malcolm Baldrige certified the Soviet Union for whaling that diminished the effectiveness of the International Whaling Commission (IWC) conservation program. Secretary Baldrige based his determination on: (1) the Soviet harvest of Southern Hemisphere minke whales was greater than the level the United States considered the U.S.S.R.'s traditional share; (2) the 1984-85 IWC quota for Southern Hemisphere minke whales was exceeded due to Soviet harvest; and (3) there had been no indication that the Soviets intended to comply with IWC standards.

Southern Hemisphere minke whales are taken by the Soviet Union, Japan, and Brazil. The quota for these minke whales is divided into six areas. Brazil harvests whales from a land-based operation in Area Two, and Japan and the Soviet Union then divide the quota for the remaining five areas.

The Soviet Union, Japan, and Brazil have objected to the IWC Southern Hemisphere minke whale quota and, consequently, are not bound by the quota under international law. Even though the objections release the governments from any treaty obligation to observe the IWC limit, the taking of more minke whales than established by quota is inconsistent with this international conservation standard and, in the absence of any indication of compliance with IWC standards, diminishes the effectiveness of the Commission and its conservation program.

For the 1984-85 whaling season, Japan and the Soviet Union agreed not to exceed their 1983-84 harvest levels of 3027 and 3028, respectively, of Southern Hemisphere minke whales. These levels, if met, would exceed the 1984-85 IWC quota of 4224. Based on past allocations, the United States indicated that Japan and the Soviet Union could each take 1941 minke whales and remain consistent with the IWC limit. Japan has observed this limit, but the Soviet Union has not. We have taken a number of steps to resolve the Soviet whaling problem.

The trade sanctions authorized by the Pelly Amendment against Soviet fish products will not aid other Administration efforts to change the Soviet whaling policy. Under the Packwood-Magnuson Amendment, we cut in half Soviet-directed fishing allocations in our exclusive economic zone. We have also encouraged the Japanese to refrain from importing Soviet whale products taken contrary to the IWC conservation program, and Cabinet-level officials have met with Soviet officials to resolve the problem. These actions are designed to encourage the Soviet Union to observe the IWC program. A Pelly Amendment embargo, however, will have a negligible effect on the Soviet Union, as most of the products imported into the United States, such as king crab, are highly marketable elsewhere.

In addition, United States fishing interests could be seriously harmed by such a sanction. An embargo imposed in 1985 would cost the United States 90,000 metric tons of expected joint-venture catch and over $12 million. An embargo could result in the permanent dissolution of the U.S.-U.S.S.R. joint-venture company, which provides markets for underutilized species and fish that might solely be harvested by foreign vessels. Unemployment of U.S. fishermen and other related workers could also result from the loss of this joint-venture company.

In light of this assessment of the effect of an embargo on Soviet fishery products, I have not taken any action against the U.S.S.R. under the Pelly Amendment. If the Soviet Union makes no progress towards complying with the IWC program, I intend to reassess my position and take necessary action. I will send you a supplemental report at that time.

THE WHITE HOUSE,

THE WHITE HOUSE

WASHINGTON

May 30, 1985

MEMORANDUM FOR DAVID L. CHEW
STAFF SECRETARY

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Proposed Executive Order Entitled "Trade in Services"

Counsel's Office has reviewed the above-referenced proposed Executive Order, and finds no objection to it from a legal perspective.

ID # 271589 CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) [illegible]

Name of Correspondent: Dave Chew

☐ **MI Mail Report** **User Codes: (A)** _____ **(B)** _____ **(C)** _____

Subject: Proposed Executive Order Entitled "Trade in Services"

ROUTE TO: | **ACTION** | **DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CULHOLL	ORIGINATOR	85/05/29			/ /
	Referral Note:				
CULAT 18	R	85/05/29		5	85/05/31 12N
	Referral Note:				
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	Referral Note:				
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C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet to be used as Enclosure
I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:
A - Answered
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C - Completed
S - Suspended

FOR OUTGOING CORRESPONDENCE:
Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments: _____

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Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

5/81

Document No. 271589

WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/29/85 **ACTION/CONCURRENCE/COMMENT DUE BY:** NOON Friday, May 31, 1985

SUBJECT: PROPOSED EXECUTIVE ORDER ENTITLED "TRADE IN SERVICES."

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	LACY	☐	☐
REGAN	☐	☑	McFARLANE	☑	☐
STOCKMAN	☐	☐	OGLESBY	☑	☐
BUCHANAN	☑	☐	ROLLINS	☐	☐
CHAVEZ	☐	☐	RYAN	☐	☐
CHEW	☐P	☑SS	SPEAKES	☐	☐
DANIELS	☐	☐	SPRINKEL	☑	☐
FIELDING	☑	☐	SVAHN	☑	☐
FRIEDERSDORF	☑	☐	TUTTLE	☐	☐
HENKEL	☐	☐	CLERK	☐	☑
HICKEY	☐	☐	_____	☐	☐
HICKS	☐	☐	_____	☐	☐
KINGON	☑	☐	_____	☐	☐

REMARKS:

Please submit your comments by noon Friday, May 31. Thank you.

RESPONSE:

1985 MAY 29 PM 5:00

David L. Chew
Staff Secretary
Ext. 2702

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

May 28, 1985

MEMORANDUM FOR: THE PRESIDENT

FROM: DAVID A. STOCKMAN

SUBJECT: PROPOSED EXECUTIVE ORDER ENTITLED "TRADE IN SERVICES"

SUMMARY. This memorandum forwards for your consideration a proposed Executive order, submitted by the Secretary of Commerce, that would implement the provisions of the Trade and Tariff Act of 1984 (Public Law 98-573) relating to collection of information concerning trade in services.

BACKGROUND. The International Investment Survey Act of 1976 directed the President to collect data regarding investment by Americans abroad and by foreign nationals in the United States. That statute was implemented by Executive Order No. 11961 of January 19, 1977, which vested the President's authority in the Director of the Office of Management and Budget and further provided that, unless the Director otherwise indicated, responsibilities with respect to portfolio investment would be performed by the Department of Treasury and those with respect to direct investment by the Department of Commerce.

Section 306 of the Tariff and Trade Act of 1984 directed the Secretary of Commerce to establish a development program for services industries and directed the United States Trade Representative to develop and coordinate the implementation of policies on trade in services. That measure also amended the 1976 statute by granting the President additional authority to collect information and report to Congress regarding trade in services. The proposed Executive order would implement that provision by further amending Executive Order No. 11961 to add this data collection responsibility to the functions to be performed by the Secretary of Commerce, subject to the overall authority of the Director of OMB.

None of the affected agencies has objected to the proposed Executive order.

RECOMMENDATION. I recommend that you sign the proposed Executive order.

Enclosure

U.S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

MAY 29 1985

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed Executive order entitled "Trade in Services."

This proposed order was submitted by the Department of Commerce and has been forwarded for the consideration of this Department as to form and legality by the Office of Management and Budget with the approval of the Director.

The proposed Executive order is approved as to form and legality.

Respectfully,

Ralph W. Tarr

Ralph W. Tarr
Acting Assistant Attorney General
Office of Legal Counsel

EXECUTIVE ORDER

- - - - - - -

TRADE IN SERVICES

By the authority vested in me by the International Investment and Trade in Services Survey Act (Public Law 94-472, as amended by Section 306 of Public Law 98-573), and in order to assure that information necessary for developing, formulating and implementing United States policy concerning trade in services is collected, analyzed and disseminated, it is hereby ordered that Executive Order No. 11961 of January 19, 1977, as amended, is redesignated "International Investment and Trade in Services" and is further amended by (1) substituting "International Investment and Trade in Services Survey Act" for "International Investment Survey Act of 1976" wherever it appears; (2) substituting "(5)" for "(4)" in Section 2; (3) adding "and trade in services" after "investment" in Section 3; and (4) adding ", (5)" after "(4)" in Section 3.

THE WHITE HOUSE,

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release May 31, 1985

TO THE CONGRESS OF THE UNITED STATES:

Pursuant to the provisions of subsection (b) of the Pelly Amendment to the Fishermen's Protective Act of 1967, as amended (22 U.S.C. 1978(b)), I am reporting to you following certification by the Secretary of Commerce that the Soviet Union has conducted whaling activities that diminished the effectiveness of the International Whaling Commission conservation program.

Under the Pelly Amendment, when the Secretary of Commerce determines that a foreign country is conducting a fishing operation that diminishes the effectiveness of an international fishery conservation program, he will certify this determination to the President. After receiving a certification, the President may direct the Secretary of the Treasury to embargo the offending country's fishery products to the limits of the General Agreement on Tariffs and Trade. Within 60 days following the certification, the President is required to notify the Congress of any action taken under the certification.

On April 1, 1985, Secretary of Commerce Malcolm Baldrige certified the Soviet Union for whaling that diminished the effectiveness of the International Whaling Commission (IWC) conservation program. Secretary Baldrige based his determination on: (1) the Soviet harvest of Southern Hemisphere minke whales was greater than the level the United States considered the U.S.S.R.'s traditional share; (2) the 1984-85 IWC quota for Southern Hemisphere minke whales was exceeded due to Soviet harvest; and (3) there had been no indication that the Soviets intended to comply with IWC standards.

Southern Hemisphere minke whales are taken by the Soviet Union, Japan, and Brazil. The quota for these minke whales is divided into six areas. Brazil harvests whales from a land-based operation in Area Two, and Japan and the Soviet Union then divide the quota for the remaining five areas.

The Soviet Union, Japan, and Brazil have objected to the IWC Southern Hemisphere minke whale quota and, consequently, are not bound by the quota under international law. Even though the objections release the governments from any treaty obligation to observe the IWC limit, the taking of more minke whales than established by quota is inconsistent with this international conservation standard and, in the absence of any indication of compliance with IWC standards, diminishes the effectiveness of the Commission and its conservation program.

For the 1984-85 whaling season, Japan and the Soviet Union agreed not to exceed their 1983-84 harvest levels of 3027 and 3028, respectively, of Southern Hemisphere minke whales. These levels, if met, would exceed the 1984-85 IWC quota of 4224. Based on past allocations, the United States indicated that Japan and the Soviet Union could each take 1941 minke whales and remain consistent with the IWC limit. Japan has observed this limit, but the Soviet Union has not. We have taken a number of steps to resolve the Soviet whaling problem.

The trade sanctions authorized by the Pelly Amendment against Soviet fish products will not aid other Administration efforts to change the Soviet whaling policy. Under the Packwood-Magnuson Amendment, we cut in half Soviet-directed fishing allocations in our exclusive economic zone. We have also encouraged the Japanese to refrain from importing Soviet whale products taken contrary to the IWC conservation program, and Cabinet-level officials have met with Soviet officials to resolve the problem. These actions are designed to encourage the Soviet Union to observe the IWC program. A Pelly Amendment embargo, however, will have a negligible effect on the Soviet Union, as most of the products imported into the United States, such as king crab, are highly marketable elsewhere.

In addition, United States fishing interests could be seriously harmed by such a sanction. An embargo imposed in 1985 could cost the United States 90,000 metric tons of expected joint-venture catch and over $12 million. An embargo could result in the permanent dissolution of the U.S.-U.S.S.R. joint-venture company, which provides markets for underutilized species and fish that might solely be harvested by foreign vessels. Unemployment of U.S. fishermen and other related workers could also result from the loss of this joint-venture company.

In light of this assessment of the effect of an embargo on Soviet fishery products, I have not taken any action against the U.S.S.R. under the Pelly Amendment. If the Soviet Union makes no progress towards complying with the IWC program, I intend to reassess my position and take necessary action. I will send you a supplemental report at that time.

RONALD REAGAN

THE WHITE HOUSE,

May 31, 1985.

# # # # # # # #

THE WHITE HOUSE

WASHINGTON

June 5, 1985

MEMORANDUM FOR DAVID L. CHEW
STAFF SECRETARY

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Section 301 Determination Regarding Discriminatory Tariff Treatment by EEC on Imports of U.S. Citrus Products

Counsel's Office has reviewed the memorandum for the President from the Acting United States Trade Representative on the above-referenced subject, and finds no objection to it from a legal perspective. We also have no legal objection to the draft memorandum from the President, making a determination and announcing appropriate action under Section 301 of the Trade Act of 1974, 19 U.S.C. § 2411.

ID # _____ CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) ____ / / ____

Name of Correspondent: David Chew

☐ MI Mail Report **User Codes:** (A) _____ (B) _____ (C) _____

Subject: Determination under Section 301 re: Discriminatory Tariff Treatment by the EEC on Imports of U.S. Citrus Products

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CU	Hall	ORIGINATOR	85/05/31			/ /
		Referral Note:				
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5/81

Document No. _____

WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/31/85 **ACTION/CONCURRENCE/COMMENT DUE BY:** June 5th

SUBJECT: DETERMINATION UNDER SECTION 301 RE DISCRIMINATORY TARIFF TREATMENT BY THE EEC ON IMPORTS OF U.S. CITRUS PRODUCTS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	LACY	☐	☐
REGAN	☐	☑	McFARLANE	☑	☐
STOCKMAN	☑	☐	OGLESBY	☑	☐
BUCHANAN	☐	☐	ROLLINS	☐	☐
CHAVEZ	☐	☐	RYAN	☐	☐
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FIELDING	☑	☐	SVAHN	☑	☐
FRIEDERSDORF	☑	☐	TUTTLE	☐	☐
HENKEL	☐	☐	_____	☐	☐
HICKEY	☐	☐	_____	☐	☐
HICKS	☐	☐	_____	☐	☐
KINGON	☑	☐	_____	☐	☐

REMARKS:

Please provide any comments/recommendations by Wednesday, June 5th.

Thank you.

RESPONSE:

1985 MAY 31 PM 3:01

David L. Chew
Staff Secretary
Ext. 2702

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

May 30, 1985

MEMORANDUM FOR THE PRESIDENT

FROM: Michael B. Smith, Acting

SUBJECT: Determination Under Section 301 of the Trade Act of 1974 Regarding Discriminatory Tariff Treatment by the European Economic Community on Imports of U.S. Citrus Products

You must decide by June 20 what action, if any, to take in response to the European Community's (EC's) practice of discriminating against U.S. exports of citrus products. An international dispute settlement panel found that this practice distorts conditions of competition in the EC market with respect to trade in oranges and lemons and recommended that the EC reduce its most-favored-nation tariff rate, thus reducing the degree of discrimination. However, the EC has refused to accept the panel's finding or recommendation or to negotiate a compromise solution.

Section 301 gives you broad discretionary authority to respond to foreign practices which deny benefits to the U.S. arising under a trade agreement or which are otherwise unreasonable or discriminatory and restrict U.S. commerce. For the reasons set forth below and described more fully in the attached background document, I am recommending that you exercise this authority in a moderate way by imposing increased duties on U.S. imports of pasta products from the EC until such time as the citrus issue is resolved or the EC provides adequate compensation. This measure will restore the balance of concessions in U.S.-EC trade and will demonstrate a firm yet flexible response to unfair trade practices. The EC will react adversely tc this duty increase. Moreover, because the EC has blocked acceptance of the panel's findings, our action will be taken without GATT authorization. Nevertheless, I believe action is necessary both to re-balance the level of U.S.-EC trade concessions and to meet your commitment to respond to unfair trade practices especially in the agricultural sector.

This recommendation has the support of the Departments of Agriculture, Commerce, Justice, Labor, and Treasury as well as the Office of Management and Budget and the Council of Economic Advisors. The Department of State has not taken a position on the recommendation.

If you approve this recommendation, we will
tion to implement your decision.

_____ Approve (Sign Memo

_____ Disapprove

Background

Based on petitions filed in 1976 by the Florida Citrus Commission, California-Arizona Citrus League, Texas Citrus Mutual, and Texas Citrus Exchange. [illegible] TR initiated an investigation concerning the EC's tariff [illegible] of U.S. citrus exports. As a result of this investi[illegible] e found that as part of broad preferential tr[illegible] le EC has, since the late 1960's, [illegible]rts of citrus from the Mediterranean [illegible] on imports from the U.S. The level [illegible]cant. In some cases the U.S. pays a [illegible] that paid by other suppliers. This [illegible]t has impaired the ability of U.S. [illegible] ir fruits in the EC and, in our [illegible] EC's obligations under interna-

we will prepare a proclama-

ign Memorandum at Tab A)

e

[illegible] litical importance to the EC of [illegible] the U.S. made extensive efforts [illegible] this issue through bilateral [illegible] al challenge to EC practices. [illegible] efforts.

[illegible] decided, in November, 1981, [illegible]nces under the rules and [illegible] onal trade agreement, the [illegible] ts appointed by the GATT to [illegible] mously that the EC prac[illegible]ions with respect to two [illegible] The panel recommended that [illegible]te of duty on these [illegible] accept the findings and [illegible] the matter in the GATT. [illegible] the issue bilaterally: [illegible] Clercq, the EC Commis[illegible]al Policy, to seek a [illegible] sent letters to his [illegible]ting our willingness [illegible] ng of the likelihood [illegible]tion is reached.

[illegible] trus products, the [illegible] EC is no longer [illegible] the dispute set[illegible]ide adequate [illegible]e level of trade [illegible]g increased [illegible]e damage our

I therefore recommend that you proclaim an increase in duty on pasta imports from the EC to a level of 40% ad valorem on pasta not containing egg and 25% ad valorem on pasta containing egg. This duty increase is a very moderate response to the EC's unfair practice. The value of concessions being withdrawn (approximately $30 million) is conservative compared with the $48 million estimated annual trade damage to the U.S. citrus industry resulting from EC preferences. Moreover, the duty increase could be rescinded at such time as the EC modifies its practice with respect to citrus or otherwise compensates the U.S. The selection of pasta for this action is appropriate because pasta was the subject of an earlier U.S.-EC trade dispute in which the EC also blocked a GATT decision favorable to the U.S. Because the EC has blocked further action in GATT, the U.S. does not have GATT authorization to take this measure. Thus we run the risk that the EC will accuse the U.S. of ignoring our own international obligations, or that the EC will retaliate by restricting imports of other U.S. products.

However, we believe we have no choice but to take that risk. We cannot credibly defer action to allow further time for negotiation, because the EC has consistently, clearly and publicly rejected the possibility of a negotiated solution. In these circumstances, failure to act will have adverse implications for both domestic and international trade policy. An essential corollary of our efforts to resist protectionist pressures is our commitment to combat unfair foreign trade practices and to seek improved international rules. While actual trade levels involved in the citrus case are relatively small, failure to act will impair the credibility of an approach dependent on international rules and could be used domestically as a symbol of our unwillingness to respond to unfair practices and will encourage those in Congress who prefer to administer trade policy through legislation. Inaction in the face of the EC's refusal to respect panel findings will also encourage other countries to flout international rules.

TAB A

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE
UNITED STATES TRADE REPRESENTATIVE

SUBJECT: Determination Under Section 301 of the Trade Act of 1974

Pursuant to Section 301(a) of the Trade Act of 1974, as amended (19 U.S.C. 2411(a)), I have determined that the preferential tariffs granted by the European Economic Community (EEC) on imports of lemons and oranges from certain Mediterranean countries deny benefits to the United States arising under the General Agreement on Tariffs and Trade (GATT), are unreasonable and discriminatory, and constitute a burden and restriction on U.S. commerce. I have further determined that the appropriate course of action to respond to such practices is the withdrawal of equivalent concessions with respect to imports from the EEC. I will therefore proclaim an increase in duties on pasta products classified in items 182.35 and 182.36 of the Tariff Schedules of the United States imported from the EEC. This action has been necessitated by the unwillingness of the EEC to negotiate a mutually acceptable resolution of this issue. At such time as the United States Trade Representative makes a determination that a mutually acceptable resolution has been reached, I would be prepared to rescind this measure.

Reasons for Determination

Based on petitions filed by the Florida Citrus Commission, the California-Arizona Citrus League, the Texas Citrus Mutual and the Texas Citrus Exchange, the United States Trade Representative initiated an investigation in November, 1976 concerning the EEC's preferential tariff treatment with respect to citrus imports from certain Mediterranean countries. The petitions alleged that these discriminatory tariffs, which are granted in the context of broader trade agreements with the Mediterranean countries, are inconsistent with the most-favored-nation principle of the GATT and placed U.S. exporters at a competitive disadvantage in the EEC market. Similar complaints had been filed by the U.S. industry in 1970 and 1972 under Section 252 of the Trade Expansion Act of 1962.

As a result of this investigation, we have found that since the 1960's, the EEC has levied a higher duty on imports of citrus from the United States than that levied on imports from certain Mediterranean countries. The level of discrimination is significant. In some cases the United States pays a duty five times greater than that paid by other suppliers. This discriminatory tariff treatment has impaired the ability of U.S. citrus exporters to market their fruits in the EEC and is, in the view of the United States, inconsistent with the EEC's obligations under the GATT.

Nevertheless, recognizing the political importance of these preferential tariffs to the EEC, the United States made extensive efforts over the course of a number of years to resolve the matter through bilateral consultations rather than mount a legal challenge against the EEC in the GATT. The United States also tried to resolve this issue in the context of tariff concessions granted during the Tokyo Round of Multilateral Trade Negotiations. With the exception of a few minor tariff reductions resulting from the Tokyo Round, these efforts were without success. Following the conclusion of the Tokyo Round, the United States initiated consultations under the provisions of the GATT, but the EEC again rebuffed all efforts to reach a compromise solution.

With any possibility of a negotiated settlement thus ruled out, the United States invoked the dispute settlement procedures of the GATT as the only alternative means of seeking a redress of our complaint. In 1983, a panel was established to review the U.S. complaint. Throughout this procedure, the United States has continued to demonstrate its willingness to seek a mutually acceptable solution to this problem. For example, the United States agreed to the unusual step of allowing the Director-General of GATT to attempt to arbitrate the dispute before pressing its request for formation of a dispute settlement panel. Unfortunately, the attempt failed. The EEC rejected all efforts at compromise.

In December, 1984, based on a voluminous record, the panel found unanimously that the EEC preferences nullified and impaired U.S. benefits arising under the GATT with respect to U.S. exports of oranges and lemons, two of the eight categories of U.S. citrus exports affected by the tariff preferences. The panel recommended that the EEC reduce its MFN rate of duty on fresh oranges and lemons no later than October 15, 1985.

Although the panel did not rule on this issue, the United States continues to believe that the EEC citrus preferences are inconsistent with the most-favored-nation principle of the GATT, and thus nullify or impair U.S. benefits with respect to exports of the other citrus items as well as lemons and oranges. Nevertheless, the United States has been willing to accept the panel's more limited recommendation for the following reasons. The sole interest of the United States in bringing this issue to the GATT has been to obtain the elimination or reduction of a barrier to U.S. citrus exports. While the panel's recommendation does not call for the elimination of the barriers, we believe its implementation by the EEC would significantly increase access for key U.S. citrus exports to that market. Moreover, the panel's recommendation does not require the EEC to take action inconsistent with its preferential trading arrangements; indeed it would result in lower tariffs for the preference receiving countries as well.

The EEC, however, has been unwilling to accept either the panel's findings or recommendation and has effectively prevented a resolution of this issue in the GATT. Thus, U.S. attempts to resolve this problem at the bilateral or multilateral level have not succeeded.

In light of the results of the USTR's investigation, I believe we must recognize that the level of trade concessions between the United States and EEC is no longer in balance. We estimate that the value of annual U.S. exports of oranges and lemons would increase by more than $48 million if the EEC had implemented the panel's recommendation.

The EEC's unwillingness to implement the panel's finding or to otherwise provide adequate compensation to the United States requires us to re-balance the level of concessions in U.S.-EEC trade. Increasing the duty on pasta imports from the EEC is a reasonable and appropriate means by which to achieve this.

This determination shall be published in the Federal Register.

DRAFT

Memorandum of Determination Under Section 301

of the Trade Act of 1974

Memorandum to the United States Trade Representative

Pursuant to Section 301(a) of the Trade Act of 1974, as amended (19 U.S.C. 2411(a)), I have determined that the preferential tariffs granted by the European Economic Community (EEC) on imports of lemons and oranges from certain Mediterranean countries deny benefits to the United States arising under the General Agreement on Tariffs and Trade (GATT), are unreasonable and discriminatory, and constitute a burden and restriction on U.S. commerce. I have further determined that the appropriate course of action to respond to such practices is the withdrawal of equivalent concessions with respect to imports from the EEC. I will therefore proclaim an increase in duties on pasta products classified in items 182.35 and 182.36 of the Tariff Schedules of the United States imported from the EEC. This action has been necessitated by the unwillingness of the EEC to negotiate a mutually acceptable resolution of this issue. At such time as the United States Trade Representative makes a determination that a mutually acceptable resolution has been reached, I would be prepared to rescind this measure.

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As a result of this investigation, we have found that since the 1960's, the EC has levied a higher duty on imports of citrus from the ~~U.S.~~ United States than that levied on imports from certain Mediterranean countries. The level of discrimination is significant. In some cases the ~~U.S.~~ United States pays a duty 5 times greater than that paid by other suppliers. This discriminatory tariff treatment has impaired the ability of U.S. citrus exporters to market their fruits in the EEC and is, in the view of the ~~U.S.~~ United States, inconsistent with the EEC's obligations under the GATT.

Nevertheless, recognizing the political importance of these preferential tariffs to the EEC, the United States made extensive efforts over the course of a number of years to resolve the matter through bilateral consultations rather than mount a legal challenge against the EEC in the GATT. The ~~U.S.~~ United States also tried to resolve this issue in the context of tariff concessions granted during the Tokyo Round of Multilateral Trade Negotiations. With

the exception of a few minor tariff reductions resulting from the Tokyo Round, these efforts were without success. Following the conclusion of the Tokyo Round, the ~~U.S.~~ United States initiated consultations under the provisions of the GATT, but the EEC again rebuffed all efforts to reach a compromise solution.

With any possibility of a negotiated settlement thus ruled out, the ~~U.S.~~ United States invoked the dispute settlement procedures of the GATT as the only alternative means of seeking a redress of our complaint. In 1983, a panel was established to review the U.S. complaint. Throughout this procedure, the ~~U.S.~~ United States has continued to demonstrate its willingness to seek a mutually acceptable solution to this problem. For example, the ~~U.S.~~ United States agreed to the unusual step of allowing the Director-General of GATT to attempt to arbitrate the dispute before pressing its request for formation of a dispute settlement panel. Unfortunately, the attempt failed. The EEC rejected all efforts at compromise.

In December, 1984, based on a voluminous record, the panel found unanimously that the EEC preferences nullified and impaired U.S. benefits arising under the GATT with respect to U.S. exports of oranges and lemons, two of the eight categories of U.S. citrus exports affected by the tariff preferences. The panel recommended that the EC reduce its MFN rate of duty on fresh oranges and lemons no later than October 15, 1985.

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of the other citrus items as well as lemons and oranges. Nevertheless, the ~~U.S.~~ United States has been willing to accept the panel's more limited recommendation for the following reasons. The sole interest of the ~~U.S.~~ United States in bringing this issue to the GATT has been to obtain the elimination or reduction of a barrier to U.S. citrus exports. While the panel's recommendation does not call for the elimination of the barriers, we believe its implementation by the EEC would significantly increase access for key U.S. citrus exports to that market. Moreover, the panel's recommendation does not require the EEC to take action inconsistent with its preferential trading arrangements; indeed it would result in lower tariffs for the preference receiving countries as well.

The EEC, however, has been unwilling to accept either the panel's findings or recommendation and has effectively prevented a resolution of this issue in the GATT. Thus, U.S. attempts to resolve this problem at the bilateral or multilateral level have not succeeded.

In light of the results of the USTR's investigation, I believe we must recognize that the level of trade concessions between the ~~U.S.~~ United States and EEC is no longer in balance. We estimate that the value of annual U.S. exports of oranges and lemons would increase by more than $48 million if the EEC had implemented the panel's recommendation.

The EEC's unwillingness to implement the panel's finding or to otherwise provide adequate compensation to the ~~U.S.~~ United States requires us to re-balance the level of concessions in U.S.-EEC trade. Increasing the duty on pasta imports from the EEC is a reasonable and appropriate means by which to achieve this.

This determination shall be published in the Federal Register.