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May 17, 1985

NATIONAL SECURITY DECISION
DIRECTIVE NUMBER 169

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U.S.-USSR JOINT COMMERCIAL COMMISSION MEETINGS (U)

In January 1985, I approved guidelines for a meeting in Moscow of the "Working Group of Experts" under the U.S.-USSR Long-Term Agreement for Economic, Industrial, and Technical Cooperation (NSDD-155). Among the purposes of the working group meetings was to help determine if there were sufficient grounds for a meeting of the U.S.-USSR Joint Commercial Commission (JCC). Upon the return of the U.S. delegation, the SIG-IEP met and recommended that the U.S. convey its willingness to the Soviet Union to proceed with a JCC meeting to be co-chaired by Commerce Secretary Baldrige and Soviet Trade Minister Patolichev. I approved this recommendation and, in consultation with the Soviets, a JCC meeting date was set for May 20-21, 1985. (S)

The working group meetings in January identified a number of areas in which mutually beneficial non-strategic trade could be expanded in conformity with our present export control policies. Since January, work has proceeded on these and other issues in preparation for the upcoming JCC meeting. (C)

The six U.S. agenda items for the JCC and the approved guidelines are as follows:

- o Joint statement in support of trade -- a joint statement along the lines of the U.S. draft can be negotiated and issued at the conclusion of the meeting.
- o Bid invitations -- seek written agreement to put all interested U.S. firms on bid lists.
- o Equal treatment -- seek visible actions by Soviet Foreign Trade Ministry that indicate elimination of discriminatory treatment.
- o Possible signing of long-outstanding contracts -- seek the signing of contracts that are near conclusion but in other than the energy area.
- o Agree on future project areas -- explore possible projects in nine sectors -- Agribusiness, pulp and paper, pollution control, textiles, land reclamation and irrigation, materials handling, transportation,

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petrochemicals, and consumer goods. Agree to explore the establishment of a Projects Working Group.

- o Soviet Support for USCO -- seek termination of the Soviet ban on company seminars and exhibitions at U.S. Commercial Office in Moscow. Explore further the Soviet offer to pay half the cost of a program to help small U.S. companies sell in the Soviet Union. (S)

The U.S. delegation's response to eight Soviet proposed agenda items should be as follows:

- o MFN and Human Rights -- U.S. should stress that major improvement in human rights practices must accompany any fundamental improvement in trade relations.
- o Furskins Embargo -- U.S. should explain that, in return for greater access to the Soviet market, the Administration will seek to introduce legislation to remove the furskins ban in a manner to be determined.
- o Nickel Certification -- U.S. should reiterate offer to consider a Soviet Foreign Trade Organization (FTO) as signatory to certification if the Soviets provide a written commitment that FTO is acting on behalf of the Soviet Foreign Trade Ministry.
- o Aeroflot Landing Rights -- U.S. should reiterate our readiness to enter into civil aviation discussions when North Pacific safety measures are agreed and an equitable package of concessions for U.S. carriers is negotiated.
- o Port Access -- U.S. should restate that a reciprocal arrangement should be negotiated in our bilateral maritime framework.
- o Tax Protocol -- U.S. should reiterate offer to move forward in negotiating and signing a protocol.
- o Supplier Reliability -- U.S. should state that we value highly contractual commitments and the fulfillment of these commitments. It should also be explained that there are circumstances which could arise which require the President to retain the authority and flexibility to abrogate contracts but only when he judges it in the overriding national interest.
- o Antidumping -- U.S. should seek to improve Soviet understanding of U.S. law and practices. (S)

On the issue of all energy-related matters, including U.S. oil and gas equipment sales to the USSR, the guidelines I established in NSDD-155 should continue to be strictly observed. In addition, the JCC meetings should be used to

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continue to express our serious concerns about Soviet human rights abuses and emigration policy. [We must make it clear to the Soviets that their continued poor performance in these areas will have a serious negative effect on any effort to establish a more constructive bilateral relationship, including our economic and commercial relations. (S)]

Finally, the head of the U.S. delegation should state our abhorrence of the senseless killing of Major Nicholson and cite it as another example of a Soviet military response to a situation which has a severe impact on our overall relations. In this connection, we should reiterate our belief that the Soviet Union should apologize for this action and provide compensation to the Nicholson family. Our economic relations with the Soviet Union cannot be realistically isolated from other aspects of our overall relationship. (S)

Ronald Reagan

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