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STATEMENT OF
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DEPUTY ASSISTANT SECRETARY OF STATE FOR EUROPE
U.S. DEPARTMENT OF STATE

BEFORE THE
SUBCOMMITTEE ON NATIONAL SECURITY ECONOMICS
JOINT ECONOMIC COMMITTEE

OCTOBER 5, 1987

Introduction

U.S. policy towards the Soviet Union is based on the principles of realism, strength and dialogue. We need strength to counter Soviet actions which threaten U.S. and allied security. We need dialogue to develop peaceful and just solutions to problems and to encourage the USSR to fulfill its international obligations and play a responsible role in the world community. And we need realism to remember that the principles of strength and dialogue must be applied together for us to obtain our objectives.

The overall objective of U.S. policy towards the Soviet Union is a more stable and constructive relationship. We want progress across four critical areas:

- the pursuit of verifiable and stabilizing arms reductions,
- negotiated solutions to regional conflicts,
- the advance of human rights,
- and expanded contacts between our peoples.

It is against the background of these policy principles and objectives that I will address the significance of Gorbachev's economic reforms, their likely outcome, and the implications for the United States. I aim to make four points.

(1) For the long run , Gorbachev's program holds cautious, and I emphasize cautious, promise for a freer and more benign Soviet Union.

(2) For the short term, Gorbachev has in place a far-reaching economic reform program. But his core goals, and the breadth and depth of the support he can muster, are still unanswered questions.

(3) Gorbachev's present reform program will not resolve the Soviet Union's economic problems. Instead, this initial phase of reform is more likely to bring either reaction or further reform.

(4) The implication for the U.S. is that we should stay our present policy course, with enhanced appreciation for the need of effective interagency and executive-legislative cooperation to implement clear and coherent policies.

Let me now address these four points in further detail.

I. Significance of Gorbachev's Reforms

Over the long run Gorbachev's reforms may represent a first step towards a larger degree of economic and political freedom inside the USSR. They may also be the beginning of a determined effort to upgrade Soviet military potential without changing the basic nature of the state.

These alternative scenarios are what makes Gorbachev's economic reform program -- and the related themes of "openness" and "democratization" -- so interesting to the Western world. On the one hand there is hope that the reform process -- intentionally or not -- might lead to a more democratic Soviet Union with a more responsible foreign policy. On the other hand there is concern that a more vital Soviet economy will simply increase the military might of a basically unchanged Soviet regime.

We have a big stake in which of these scenarios occurs. The hope that the USSR, if "contained", could evolve over time into a freer society and a more benign presence on the world scene has been at the core of U.S. foreign policy since World War Two. In recent years such hope has been advanced by strong

and forthright U.S. policies, and buttressed by the observed momentum of economic and political freedom around the world. Inside the Soviet Union, a new generation of leaders is coming to the fore which is less burdened by experience of or responsibility for the Stalin era. The new generation also knows that thirty years of tinkering with Stalin's economic legacy have failed to close the economic gap with the west. With the arrival of this new generation, and after years of stagnation in Soviet economic policy and performance, the momentum of reform has clearly grown since Gorbachev's rise to General Secretary.

However, the weight of Soviet history and present realities require that our hopes for a freer and more benign USSR remain extremely cautious. The values, interests, and habits built up over 70 years of Soviet life -- not to mention 1000 years of Russian history -- constitute formidable barriers to the progress of economic and political freedom. So do Soviet, or Russian, concerns about centrifugal forces within the multinational Soviet state as well as in Eastern Europe.

The concrete economic measures the Soviet Union has taken under Gorbachev still leave those barriers in place. The Soviet Union is still a country where something as basic as

freedom of movement is a privilege and not a right; it is still far from being at peace with itself or the rest of the world. As President Reagan put it, "while we acknowledge the interesting changes in the Soviet Union, we know that any Western standard for democracy is still a very distant one for the Soviets.... That is why we know we must deal with the Soviet Union as it has been and as it is, not as we would hope it to be." I will return at the close of my statement to some practical implications of this imperative.

II. Gorbachev's Mandate

For the short term, it is clear that Gorbachev is driven by an urgent sense that the USSR needs to shake itself out of a "pre-crisis" situation of economic stagnation, technological backwardness, and social malaise. How far Gorbachev is determined to go, and how much support he can find and maintain among the Soviet elite -- including key institutions like the KGB and military -- and among the Soviet people, are still unanswered questions.

Present trends suggest that Gorbachev's mandate for reform is growing stronger. The momentum of change has accelerated

over Gorbachev's tenure as General Secretary. Like Andropov in 1983-1984, Gorbachev began with a strong call for forward progress but reliance on remedies from the past. In 1985-86, he initially pushed for tougher discipline and for implementation of outstanding legislation on the economy. This included a set of measures approved in 1979 but never carried through, which western analysts had already seen as an effort to finetune, rather than loosen, the command economy. By late 1986 the prospects for serious reform -- and for Gorbachev's effectiveness as General Secretary -- did not seem that bright. Not a whole lot was happening, and Gorbachev's urge to go beyond rhetoric appeared to have been stymied at the January 1987 Central Committee plenum.

The June plenum, however, confirmed a dramatic shift. Gorbachev emerged with a stronger political position and official blessing for a comprehensive economic reform program which was largely crafted by his own team of economic advisors. Three close associates were added to the Politburo. Gorbachev's own report to the plenum was a strong and lucid economic reform statement. The plenum adopted a comprehensive program for economic reform, and gave its overall approval to 11 draft decrees detailing the reforms. Since the plenum, all

but one of the 11 implementing decrees on economic reform have been made into law and published. (The single and significant exception concerns reorganization of the Council of Ministers, ie, the bureaucracy whose role is to be reduced by the reforms.)

The plenum further announced that agricultural issues would be addressed at an upcoming plenum (perhaps this October). It approved Gorbachev's proposal to hold the first party conference in 47 years next June, to further examine economic policy and performance, the role of party organizations in deepening the process of reform, and measures to further democratize the party and society. In addition, the plenum debated and the Supreme Soviet has since enacted the new Law on Socialist Enterprises, along with two other laws calling for public discussion of important issues and giving citizens the right to sue officials who infringe upon their rights.

All of the above constitutes an extensive mandate for change. We believe, however, that Gorbachev's mandate is neither etched in stone, nor universally recognized as definitive inside the Soviet Union. Let me outline some weaknesses in that mandate:

- A great deal depends on Gorbachev individually. He frequently appears to be well out in front of his troops. And, just as was the case during Brezhnev's last years and the brief Andropov and Chernenko interregnums, any prolonged absence of Gorbachev from daily Moscow political life generates speculation about the leader's physical and political health. Such speculation is symptomatic of the contingencies of any Soviet leader's political mandate. It illustrates the highly personalized nature of any "reform" effort in the USSR. There is simply no institution capable of carrying on without leadership from the top.

- Resistance from the elite -- from ideological conservatives and from threatened bureaucrats -- is an obstacle publicly recognized by Gorbachev himself. The degree to which that resistance is latent and inchoate, or explicit and organized, bears close watching.

- More specifically, the attitudes of two powerful institutions will remain crucial to Gorbachev's prospects as his reforms move forward. The Soviet military appears to have stoically absorbed its unusual public humiliation

after the Cessna incident -- but remains a question mark. The KGB, judging from the recent public utterances of its chairman Vladimir Chebrikov, appears to have some reservations about Gorbachev's policy directions in "openness", "democratization", and "restructuring".

-- At the popular level, there is evidence of scepticism that Gorbachev's reforms are going to make any difference. There is a public perception that Gorbachev is simply "another Khrushchev" bearing promises of a brighter future. What's more, Gorbachev is asking for harder work now and promising a better life later on, whereas Khrushchev's tenure saw considerable improvement in living standards. To the extent that Gorbachev's reforms require popular support to move forward or to work, such scepticism -- whose extent is of course hard to gauge -- will have to be overcome.

-- To preserve and maintain his mandate for reform, Gorbachev will need to produce positive results sooner rather than much later. However, a central weakness of his economic reform program is the absence of an immediate pay-off. Overall, the reform program projects medium-term gains in efficiency, quality and output in exchange for wrenching

adjustments now. This is perhaps realistic; it may also be disheartening. At the popular level, the more efficient workers are promised increased wages, but even the early winners under the reform are unlikely to see any early improvement in their living standards. Desired consumer goods and services will remain scarce, especially under the priority Gorbachev has assigned to increased investment in capital goods.

Gorbachev might get a quicker pay-off at the popular level if he could widen the narrow opening made thus far for individual and cooperative enterprise ; or if he could provide more radical incentives for farmers or wider openings for direct commercialization of farm produce.

It would also be a mistake to ignore the incentive effect of changes outside the economic area: "democratization" is capable of winning as well as losing hearts and minds. Nevertheless, early economic payoff will be a key ingredient to overall success of the reform effort, and the prospects are by no means clear.

III. The Likely Outcome

Although he is in a hurry, Gorbachev and other Soviet leaders recognize that "restructuring" will be a long-term process. They describe it in terms of preparing the USSR's entrance into the 21st century. We can however address the likely outcome of "restructuring" in its initial phase. Full implementation will be difficult, and if achieved will not resolve the Soviet Union's economic problems.

Gorbachev's economic reform program as outlined at the June plenum seeks to put a "New Economic Mechanism" in place by 1991. The reform program is comprehensive and ambitious. But Gorbachev's "New Economic Mechanism" is still an abstract structure which must be applied to a very concrete, and conservative, economy.

This will not be easy even if everyone does their best. The reform program outlined at the June plenum and in subsequent decrees is an elaborate theoretical framework of how the economy should be administered and function. There is a "Rube Goldberg" quality to the scheme created. There are many ambiguities and contradictions, and very few details about how

the economy will actually work in practice. Some 15,000 laws and regulations reportedly need to be changed to accommodate the new socialist enterprise law and accompanying decrees. A new set of guidelines and hierarchies will have to be explained to hundreds of thousands of ministerial bureaucrats and plant managers, who will have to relearn by trial and error where their interests lie. New occupations will need to be found for thousands of central planners and administrators, while those who remain will have to be reconciled to continued responsibility for, but less leverage over, the economic performance of subordinate units. Thousands of plant managers are going to have to learn new skills, if plant management is really going to devolve and to be based on what the Soviets describe as economic instead of administrative principles. Throughout these throes of restructuring, central administrators, plant managers and workers are all enjoined to increase both the quality and the quantity of production. All this is akin to rebuilding the kitchen, applying unfamiliar and incomplete recipes, and cooking for guests, all at the same time.

Meanwhile, the process of implementation will raise new problems. Income disparities, unemployment, and inflation are all expected to increase. This will erode the "social contract" of the post-Stalin era. Full employment, job

security, has been widely considered one of the primary achievements of "socialism" in the Soviet Union, even if it meant widespread underemployment. The phenomenon of frictional unemployment will arouse debate that may well extend beyond the economic sphere and beyond the elite. Resulting social strains will complicate the feedback on reform implementation and influence the pace and scope of implementation. Other, perhaps less foreseen, complications are likely to emerge from the application of economic reform to the Soviet Union's fifteen constituent national republics. Some nationalities may want to push the reform at a pace that goes beyond what Moscow can easily accommodate. Others, if "glasnost" progresses, may press regional resource allocation issues more aggressively than in the past.

In short, Gorbachev's "new economic mechanism" is uncharted territory in practical terms; it is likely to accentuate social and national strains; and it will certainly be influenced by discoveries made as its details are filled in.

Finally, even if it is fully implemented, the present reform program is unlikely to produce a stable "economic mechanism" conducive to rapid growth and technological innovation. Although it promises considerable

decentralization, the reform program retains the basic character of Soviet economics. Central authorities, and not the 'invisible hand' of free-market economics, will set priorities, control prices, and monitor performance.

In this sense, Gorbachev's present reform perpetuates an objective which has stymied Soviet leaders since the 1950s: how to find a viable non-market alternative to a command economy which will both ensure central control and promote efficiency. The odds are low that this elusive objective will be realized. It is more likely that by the early 1990s, when the "New Economic Mechanism" is scheduled to be in place, the Soviet economy will either be settling back into old familiar patterns, or be pushed further along the path of reform.

IV. Policy implications for the U.S.

I would like to conclude by restating the significance of Gorbachev's economic reforms and then addressing the practical implications for U.S. policy.

Gorbachev's determination to revitalize the Soviet economy refreshes our hope that the USSR may evolve into a freer and

more benign state, but also heightens our apprehension that an economically more robust USSR could become a more formidable foe.

The implementation period for Gorbachev's present economic program will help us gauge which way things are heading. In the meantime, neither our hopes nor our apprehensions are likely to be fulfilled over the next three years. Gorbachev's short-term economic policy objectives will be difficult to achieve, and the results are almost certain to be inconclusive. The basic characteristics of the relationship between the U.S. and the U.S.S.R. will continue to pertain. The Soviet Union will remain the powerful adversary we have successfully contained for over two generations.

We believe the policies we follow over the next few years should present Gorbachev's activism with the challenge and opportunity to take positive, concrete measures in Soviet domestic and foreign policy. The basic principles and objectives of our policy towards the Soviet Union are well-framed to defend and advance our interests and the image we have of the world. The fact that the Soviet Union is embarking on a transition, and that Gorbachev will have to engage us in dialogue across the four issue areas of concern to us, will allow us to make our pursuit of US interests more active.

At a mundane but not insignificant level, one implication is that we are going to be a good deal busier than before.

More generally, it will be imperative that we maintain an optimum balance between strength and dialogue, and be alert and consistent in our policy execution, to insure that any influence we can exert on the direction of the Soviet Union's transition will be positive in terms of our interests.

It will also be imperative that we remain realists. We must respond to concrete acts, not to rhetoric. We must think in terms of direct US interests, and not in well-intentioned but illusory terms of "helping Gorbachev reform". Our leverage over internal Soviet developments is neither powerful nor direct, and there is nothing to be gained by offering preemptive concessions in the hope they will promote positive change.

At the same time, however, we must also avoid sending signals to the Soviet leadership which could inhibit positive change without advancing direct US interests.

To enhance executive-legislative cooperation in this regard, I would like to raise some legislative issues that are of concern to us now. One aspect of the bilateral relationship with the Soviet Union is trade. To express our commitment as a nation to the concept of human rights, Congress has clearly established the conditions for a meaningful expansion of such trade with the Jackson-Vanik and Stevenson Amendments, which this administration supports and implements. At the same time, however, Congress sometimes supports measures whose practical effect is economic warfare against the Soviet Union, and which reduce Soviet incentives to move forward on human rights or to undertake economic reforms conducive to efficient and mutually beneficial trade.

For example, we believe the Garn/Proxmire amendment to the Senate Trade Bill is unnecessary. Bank credits to the USSR already face a host of restrictions, and those loans that are extended largely go to support direct US exports. Official USG-backed credits already are essentially prohibited by the Stevenson Amendment.

Another amendment to the Trade Bill which causes us concern and which could have considerable negative impact on our trade relationship with the USSR starts from the concern we all have

about the forced labor question. The amendment would make the legislative determination that seven categories of goods produced in the USSR are produced under conditions of forced or indentured labor and therefore would be banned.

Existing legislation already addresses the question of imports of goods produced by such labor. And the Administration is clearly committed to enforcing that legislation. However, studies of the available evidence have failed to establish that such goods are being imported into the US from the USSR. If we find such evidence, we would move quickly to ban such imports. Legislating a ban without adequate evidence on which to make such a finding of fact looks like economic warfare, pure and simple.

This state of affairs is exacerbated by a lack of movement on another item. Two years ago, this Administration suggested to the Soviets that, in return for improved conditions for US businessmen in Moscow, we would work to eliminate the 36-year-old ban on fur skins. The Administration's bill was shelved at the end of last year's session and has been reintroduced. It is small in terms of trade, but symbolic of the Congress' willingness or unwillingness to provide

incentives as well as sanctions in trade with the Soviet Union. I hope that you will agree that the time has come to remove the ban of fur skins and that you will support the Administration's proposal.

I have taken you from the grand issue of whether the Soviet Union down to some relatively minor details of executive-legislative cooperation. However, just as western analysts of current Soviet trends like to underscore that it is the details that will determine the final shape of Gorbachev's economic reform program, so too would I like to emphasize that details will be critical to the evolution of US-Soviet relations. To get those details right, we will need the support and understanding of Congress.

Thank you. I will be happy to respond to your questions.

THE JACKSON-VANIK AMENDMENT AND AGRICULTURAL EXPORTS TO THE SOVIET UNION

ISSUE

The Jackson-Vanik Amendment to the Trade Act of 1974 is part of U.S. trade law and is supported by Administration policy. What is the history of this legislation, and what is its impact on agricultural trade with the Soviet Union?

BACKGROUND

The Soviet Union wants to have Most Favored Nation (MFN) treatment for its exports to the United States and access to U.S. official export credits for purchase of American goods. The Soviets lost MFN status as a result of legislation passed in 1951 during the Korean War. Access to official credits was removed as a result of passage of the Jackson-Vanik Amendment and the Soviet decision not to comply with its provisions.

A U.S.-Soviet Trade Agreement negotiated in 1972 contained a clause providing that each country would apply MFN treatment to products from the other party, i.e., treatment no less favorable than that accorded to like products originating in or exported to any third country in all matters relating to customs duties and charges. The executive branch undertook to seek enabling legislation, since the MFN clause and the entire Trade Agreement could not enter into force without a change in existing law.

During Congressional consideration of a trade reform proposal, MFN became linked with Soviet emigration practices. The Soviet Union had issued a regulation in August 1972 imposing an "education tax" on emigrants. In October, Senator Jackson introduced an amendment blocking trade concessions to communist countries with restrictive emigration practices, and Congressman Vanik later sponsored a similar amendment in the House.

The Jackson-Vanik Amendment (section 402) became part of the Trade Act of 1974. The Amendment prohibits the granting of MFN tariff treatment, government financing or credits, or the conclusion of trade agreements with any non-market economy country which denies its citizens the right or opportunity to emigrate or imposes more than nominal charges on emigration documents or applicants.

Jackson-Vanik provides for a waiver process which requires a Presidential determination, usually based on some form of communication from the country in question regarding its emigration policy, that extension of the waiver authority in general and extension of a waiver to a specific country will promote the freedom of emigration objectives of the Jackson-Vanik Amendment. Under this procedure, which must be repeated annually, Romania, Hungary, and China have been granted MFN.

SOVIET POSITION

Following passage of the Trade Act of 1974, the Soviet Union notified the United States that it would not bring the 1972 Trade Agreement into force under the terms of the Trade Act. The Soviets asserted that the Act's requirements are not consistent with the 1972 Trade Agreement and amount to interference in their internal affairs.

SOVIET EMIGRATION

Soviet law does not recognize the right of citizens to emigrate by choice. Emigration increased significantly at several points during the 1970's. Jewish emigration reached a high of 51,000 in 1979. Since that time, Jewish emigration has fallen to 900 in 1984, 1,000 in 1985, 900 in 1986 and 100 in January of this year.

ADMINISTRATION POSITION

The Administration has consistently stated that extension of MFN or official credits would not be possible in the absence of a change in Soviet emigration and human rights policies. In general, the United States has made it clear that progress in the U.S.-Soviet trade relationship is related to progress in other elements of the U.S.-Soviet relationship, including human rights and emigration.

CONGRESSIONAL POSITION

Congress has reviewed very closely Presidential extensions of waivers to non-market economy countries. Attention has focused not only on emigration, but on human rights practices generally, and some have proposed expansion of Jackson-Vanik to encompass human rights. Some interest has been expressed in extending MFN on a multi-year basis to East European countries which already have MFN. In discussing ways to improve Jewish emigration, one senator has mentioned the possibility of suspending Jackson-Vanik for a trial period and assessing the results.

In the last session of Congress a Major Export Market Trade Equity Act (MEM) was introduced in the House by Congressman Bereuter. The bill would extend non-discriminatory treatment (MFN) to the products of a non-market economy if the President determines that the country is currently or potentially a major export market for the United States and had a negative trade balance during the preceding calendar year.

IMPACT OF MFN AND JACKSON-VANIK ON TRADE

The impact of extension of MFN to Soviet exports to the United States would probably be quite modest. Non-MFN duties are very low for raw materials, semi-processed goods and fuels, which make up the bulk of Soviet exports to the United States. (See attached list of top thirty Soviet exports to the United States.) In Western Europe, where the Soviets have MFN, their manufactured goods have remained uncompetitive. A 1980 study by the International Trade Commission projected only a \$20 million increase in U.S. imports as a result of MFN. If the Soviets made a concerted effort to increase their exports to the United States after receiving MFN, they might be able to increase exports by as much as \$100-200 million.

Since passage of the Trade Act of 1974 and Soviet non-compliance with the provisions of Jackson-Vanik, U.S. companies have lost some exports to the U.S.S.R. While agricultural exports were probably reduced, U.S. grain managed to maintain a market share of about two-thirds of Soviet purchases of Western grain prior to the partial grain embargo of 1980. During 1975-79 exporters of machinery and equipment lost sales of perhaps \$1 billion as a result of inability to compete with financing offered by Western Europe and Japan. (See attached table for U.S.-Soviet exports and imports 1975-1986.)

Attachments

Prepared by Department of Commerce
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January 1987

U.S.-U.S.S.R. TRADE: 1975-1986
(Millions of Dollars)

| | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| U.S. EXPORTS (FAS) | | | | | | | | | | | | |
| TOTAL | 1833 | 2306 | 1623 | 2249 | 3604 | 1510 | 2339 | 2589 | 2002 | 3283 | 2421 | 1248 |
| Agricultural | 1133 | 1487 | 1037 | 1687 | 2855 | 1047 | 1665 | 1855 | 1457 | 2817 | 1864 | 648 |
| Non-Agricultural | 700 | 819 | 586 | 562 | 749 | 463 | 674 | 734 | 545 | 466 | 558 | 600 |
| U.S. IMPORTS FOR CONSUMPTION (CIF)* | | | | | | | | | | | | |
| TOTAL | 254 | 221 | 234 | 530 | 873 | 463 | 387 | 248 | 367 | 602 | 441 | 605 |
| Agricultural | 7 | 8 | 11 | 13 | 15 | 10 | 12 | 11 | 11 | 11 | 9 | 16 |
| Non-Agricultural | 247 | 213 | 223 | 517 | 858 | 452 | 375 | 237 | 356 | 591 | 432 | 589 |
| Gold Bullion** | - | - | - | 287 | 549 | 88 | 22 | 4 | 2 | 2 | 1 | 154 |
| U.S.-U.S.S.R. TRADE TURNOVER | | | | | | | | | | | | |
| | 2087 | 2527 | 1857 | 2779 | 4477 | 1973 | 2726 | 2837 | 2369 | 3885 | 2863 | 1853 |

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Washington, D.C. 20230
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- * - For years 1975-77 and 1986 General Imports;
 Customs Value for 1975-79
- ** - Gold Bullion (non-monetary) was not
 included in trade statistics until 1978

Source: U.S. Census Bureau, U.S. Department of Commerce

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Leading items in U.S. general imports from U.S.S.R. (Soviet Union) in 1986,
1982, 1983, 1984, 1985, and 1986

(C.I.f. value, in thousands of dollars)

| TSUSA number | Description | 1982 | 1983 | 1984 | 1985 | 1986 |
|-----------------|---|---------|---------|---------|---------|---------|
| 6052020 | Gold bullion, refined----- | 1,495 | 1,440 | 1,446 | 1,435 | 154,495 |
| 4806540 | Anhydrous ammonia----- | 100,719 | 96,661 | 156,240 | 131,097 | 91,351 |
| 4750535 | Heavy fuel oils un 25 deg----- | 32 | 0 | 9,494 | 21,130 | 80,520 |
| 4803000 | Urea, nspf----- | 11,504 | 43,701 | 52,408 | 61,029 | 65,623 |
| 6050270 | Rhodium, rhodium content----- | 3,482 | 2,111 | 3,683 | 10,725 | 29,268 |
| 6050260 | Palladium, palladium----- | 25,028 | 42,067 | 59,598 | 27,759 | 23,399 |
| 6181000 | Aluminum waste a scrap----- | 0 | 0 | 4,892 | 6,534 | 20,354 |
| 6050710 | Platinum bars,plts sheets nt----- | 1,201 | 2,359 | 3,340 | 959 | 13,742 |
| 1241045 | Sable furskins, whole, raw----- | 7,196 | 7,861 | 9,848 | 7,250 | 13,355 |
| 4017415 | Ortho-xylene----- | 0 | 0 | 4,015 | 9,446 | 12,810 |
| 1693700 | Vodka in containers not over----- | 3,173 | 6,384 | 2,329 | 9,701 | 11,908 |
| 6050220 | Platinum sponge platinum----- | 3,971 | 3,006 | 2,960 | 3,961 | 7,847 |
| 6050750 | Palladium bars plates etc----- | 1,694 | 4,357 | 15,186 | 4,386 | 7,020 |
| 4750510 | Crude petrol, shale etc inc----- | 0 | 0 | 0 | 0 | 6,312 |
| 1693800 | Vodka in containers not over----- | 7,321 | 13,300 | 5,285 | 3,092 | 4,213 |
| 6180650 | Unwrought alloys of aluminum----- | 219 | 143 | 7,687 | 1,055 | 3,430 |
| 2452020 | Hardboard, not face finished----- | 2,590 | 2,150 | 2,576 | 1,874 | 3,063 |
| 4011000 | Benzene----- | 0 | 0 | 3,233 | 5,840 | 3,049 |
| 4017420 | Para-xylene----- | 0 | 0 | 1,151 | 2,149 | 2,762 |
| 4752550 | Jet fuel, kerosene-type----- | 0 | 0 | 0 | 0 | 2,401 |
| 2451000 | Hardboard, n/face-finished----- | 679 | 1,237 | 2,316 | 2,662 | 2,328 |
| 4016400 | Pseudocumene----- | 0 | 0 | 1,304 | 1,472 | 2,191 |
| 6063546 | Ferrosilicon cont ovr 30%----- | 0 | 3,300 | 1,591 | 3,432 | 2,121 |
| 6180200 | Unwrght aluminum nspf, other----- | 0 | 27 | 0 | 1,269 | 1,947 |
| 2401440 | Plywood, birch face not face----- | 1,795 | 2,990 | 3,298 | 1,916 | 1,843 |
| 4230030 | Rare-earth oxides except----- | 1,750 | 814 | 938 | 1,470 | 1,786 |
| 6063542 | Ferrosilicon, contng 30%----- | 0 | 0 | 1,979 | 0 | 1,262 |
| 4805000 | Potassium chloride or----- | 5,366 | 4,719 | 10,340 | 0 | 1,669 |
| 6923406 | Tractors, wheel ex gardn new----- | 8 | 870 | 819 | 995 | 1,501 |
| 8000035 | United states goods----- | 1,005 | 324 | 189 | 928 | 1,424 |
| | Total----- | 180,229 | 239,821 | 368,147 | 323,547 | 575,557 |
| | Total, all items imported from U.S.S.R. (Soviet Union) | 247,050 | 374,667 | 600,104 | 442,712 | 605,456 |

Source: Compiled from official statistics of the U.S. Department of Commerce.

BACKGROUND ON THE JACKSON-VANIK AMENDMENT
(MFN)

Freedom of Emigration. Section 401 of the Trade Act of 1974 prohibits the USG from granting MFN, extending credits or credit guarantees, and entering into commercial agreements with any nonmarket economy country which: 1) denies its citizens the right or opportunity to emigrate; 2) imposes more than a nominal tax or charge on emigration, emigration documents, or citizens wishing to emigrate.

Waiver. Section 402 also provides that the President may, by Executive Order, waive the application of these conditions to a country, by determining (a) that the waiver will substantially promote the objective of freedom of emigration, and (b) that he has received assurances that the emigration practices of that country will lead substantially to the achievement of the objective of freedom of emigration.

Assurances. The question of assurances has been handled differently for each of the three countries--Romania, Hungary, and China--which has received MFN treatment under Section 402. Only Hungary's was straightforward. Side letters to the Trade Agreement were exchanged which referred to obligations under the Helsinki Final Act. In the case of Romania, the language of the Presidential Report to the Congress on this question was the subject of intensive negotiations between the two governments. Both House and Senate committees questioned the legal sufficiency of the President's Report. Both Houses finally approved the waiver and agreement, with the Senate Finance Committee noting that recent Romanian emigration performance was "sufficient to rectify any defect which might be found in the waiver." In China's case, emigration performance was not in question and assurances were touchy. Assurances were handled by means of an instruction cable from State to our Ambassador to be used in a formal discussion with the Chinese. The reporting cable on this discussion was then shown to key members of Congress as evidence of the assurances the President had received.

Trade Agreement. Under Section 405, a bilateral trade agreement is required for extension of MFN, and this agreement must contain the various provisions specified in Section 405.

Congressional Approval. The President must submit his waiver determination, proclamation concerning MFN, and the trade agreement to both the House and Senate. A concurrent resolution approved by a majority of each House is required for MFN and the trade agreement to come into force.

end Lease. For MFN to be in force for any country which receives MFN under Title IV and which has entered into a lend-lease settlement agreement with the United States, that country cannot be in arrears on its repayments. The Soviet Union suspended its lend-lease repayments following passage of Jackson-Vanik and its current lend-lease obligations to the U.S. government are \$674 million.

BACKGROUND ON STEVENSON AMENDMENT
Credits.

The freedom of emigration requirements of Jackson-Vanik apply also to credits and credit guarantees.

Both the Trade Act of 1974 (Section 613) and the 1974 Amendments to the Export-Import Bank Act (Section 7-b) impose a \$300 million ceiling on total new Eximbank authorizations for the Soviet Union. The President may raise this \$300 million ceiling if he deems it in the national interest. Doing so, however, requires the approval of both Houses of Congress by concurrent resolution.

In addition, under the Eximbank (Stevenson) Amendment, no more than \$40 million of the \$300 million may be used for the purchase, lease or procurement of any product or service involving research and exploration of fossil fuel energy resources. Moreover, no part of it may be used for products or services for the production, processing or distribution of fossil fuel energy resources without Congressional approval.

CCC credits for the USSR were available from July 1972 until January 1975. In this period \$750 million in CCC credits were authorized, but only \$549 advanced. All of these were repaid on schedule.

Eximbank credits for the USSR were available from October 1972 until January 1975. Loans of \$120 million and commitments of \$348 million were outstanding when the program was terminated.

Controlling Transfer of Strategic Technology

April 1986

Background: The purpose of controlling the export of strategic militarily relevant technology is to deny Warsaw Pact and certain other countries access to technology that would increase the effectiveness of their military establishments. Because development of sophisticated weapons today depends on many advanced supporting technologies that have dual use (civilian as well as military), it is increasingly necessary to identify and control those commercial technology transfers that could threaten US national security. ~~US regulations require a license to be issued before any technology can be transferred to a potential adversary country.~~ This requirement permits a review of the potential military utility of the technology, to ensure that transfers of militarily relevant technologies do not occur under the guise of civil-use projects. The need to maintain more effective controls on the transfer of Western technology to the East is highlighted by conclusive documentation of the USSR's past and continuing reliance on Western high-technology know-how in furthering its military buildup and in strengthening those elements of the Warsaw Pact industrial base that directly support Soviet war-making capability.

The Soviet Union is determined to obtain controlled Western equipment and technology by any means it can--including circumvention of export controls. The US, acting alone, could not prevent such diversions of controlled items, because in many cases we are no longer their sole producer. ~~The cooperation of the Coordinating Committee for Multilateral Export Controls (COCOM) is therefore of greater importance than ever.~~ As evidence of Soviet diversion efforts mounts, the COCOM nations' determination to improve enforcement capabilities has grown, and additional resources are being applied to this task.

Organization and major functions of COCOM: COCOM, established in 1949, now includes the US, Canada, Japan, and 13 European countries; Spain was the latest member to join, in late 1985. COCOM has no formal relationship to NATO. Although COCOM is not based on any treaty or executive agreement, there have been few instances when a member country has deviated from commitments made in COCOM.

A permanent COCOM secretariat is located in ~~Paris~~, staffed by dedicated and highly experienced professionals. All 16 member countries have permanent delegations to COCOM, also based in Paris. ~~The US delegate and his deputy are Department of State officers.~~ Their permanent staff is joined by teams of US-based government technical experts and interagency policy-level personnel during negotiations on new or revised export control definitions and other substantive meetings.

COCOM is principally a coordinating and decision-making mechanism. Agreements are put into effect jointly by its member countries. As enacted, each member's publication of the agreed control definitions carries the force of law or of export control regulation, so that the definitions may be administered and enforced effectively. The

controlled products may be grouped into three categories--direct military use, dual use, or atomic energy use. COCOM also reviews potential shipments of specific embargoed items to proscribed countries. All comments by other COCOM delegations are considered by the exporting member, which permits the export only when the risk of the diversion to military use of the product or technology is deemed acceptably small. Equipment capabilities may have to be altered in order to gain acceptance for shipment. Finally, the COCOM member countries act to harmonize their licensing practices on export controls and to coordinate their export control enforcement activities.

Improving COCOM's effectiveness: COCOM faces continued Soviet and Warsaw Pact efforts to obtain militarily sensitive equipment and technologies. At the July 1981 Ottawa summit, President Reagan raised the problem of transferring Western technology to the Soviet Union. These discussions led to a high-level COCOM meeting in Paris in January 1982, the first such Under Secretary-level COCOM meeting since the late 1950s. Subsequent high-level meetings took place in April 1983 and February 1985. Lower-level consultations are held regularly, as the US is cooperating actively with other COCOM members for improvement in each of the three above mentioned functional areas. About \$2 million is now being spent to upgrade the computer equipment, software, and other facilities for the COCOM secretariat.

Relations with non-COCOM countries: One problem facing COCOM is how to protect against the export or re-export of embargoed commodities from non-COCOM countries to the countries of concern. The US deals with this problem in part by requiring licenses for re-exports of US-origin embargoed products. COCOM members also maintain continuing dialogues with a growing number of other countries regarding cooperation on export controls and avoidance of diversions. Some countries could choose to adopt full COCOM membership. Others that produce or trade in embargoed high-technology products have established methods for cooperating in the protection of militarily relevant items.

For further information: See also Department of State GISTs on "U.S. Export Controls" and "U.S. Export Controls and China."

US Export Controls and China

July 1986

Background: US export controls on technology and equipment transfers to China, particularly for items in widespread commercial use, have been liberalized gradually over the past several years. An important motivation for this liberalization has been a wish to support US private sector involvement in China's modernization program, which in turn aids the development of China's economy. It has been the view of four US Administrations that a stable, modernizing China will contribute to peace and stability in East Asia, and is in the general US foreign policy interest.

In June 1983, recognizing China's status as a "friendly, non-allied country," President Reagan announced his decision to shift China into export control "Country Group V," joining other friendly Asian, African, and European countries. This change was effected through a revision of US export control regulations published in November 1983. Detailed technical guidelines--"green lines"--were established to describe selected products that would be approved for export routinely to satisfactory China end-users in such commodity categories as computers, computerized instruments, microcircuits, electronic instruments, recording equipment, and semiconductor production equipment.

Recent actions: In early 1985, the US and its partners in the Coordinating Committee for Export Controls (COCOM) began detailed consultations on streamlining approval of those China cases that had become routine. Several months of such discussions resulted in a COCOM agreement finalized in early December 1985. As of December 15, 1985, products falling within guidelines drawn up in 27 different product categories no longer require COCOM review. (The revisions were published in the Federal Register on December 27, 1985). Some commodity categories affected by the change are: numerical control units for machine tools; cable and optical fiber manufacturing equipment; printed circuit board manufacturing equipment; equipment for the manufacture or testing of electronic components; aviation equipment; communication equipment; lasers; electronic measuring equipment; frequency synthesizers; radio spectrum analyzers; microwave equipment; electron tubes; electronic component assemblies; electronic computers and software; communication switching equipment; analog-digital and digital-analog converters; recording or reproducing equipment; oscilloscopes; quartz crystals and assemblies; and optical fiber preforms. These revisions have helped to expedite the licensing of selected categories of high technology exports to China by the US and other COCOM members and reduced the COCOM China caseload by more than half. The US and its COCOM partners continue to discuss additional categories of equipment that could be released from COCOM review.

National security concerns: US policy is designed to allow US businesses to participate fully in China's modernization program while

retaining controls on truly sensitive equipment and technology. US high technology exports remain subject to national security controls, reflecting our awareness of China's unique strategic capabilities, which are unlike those of other friendly countries. US regulations outline areas of potential concern: nuclear weapons and delivery systems, intelligence gathering, electronic warfare, antisubmarine warfare, power projection, and air superiority.

Volume of high technology exports to China: Export control policy changes have facilitated an expanding volume and higher level of US equipment to be exported to China. Between 1982 and 1985 there was a steep rise in both the number and dollar value of US export licenses approved and the value of "high-tech" equipment actually shipped to China. The number of export licenses approved for China by the Department of Commerce rose from 2,020 in 1982 to 8,637 in 1985.

US Export Licenses Approved for the PRC

| <u>Year</u> | <u>Number of Applications</u> | <u>Total Dollar Value*</u> |
|-------------|-------------------------------|----------------------------|
| 1982 | 2,020 | \$500 million |
| 1983 | 2,834 | \$932 million |
| 1984 | 4,443 | \$2.0 billion |
| 1985 | 8,637 | \$5.5 billion |

*Value of licenses approved does not reflect value of actual shipments.

The level of technology approved by the US for export to China also has been rising. Certain large mainframe computers, sophisticated integrated circuit manufacturing equipment, telecommunications equipment, and scientific instruments (all denied for export to the USSR) are now routinely approved for China.

Guidance for exporters: Once an export license application is sent to COCOM for review, its progress is followed by the Department of State's Office of East-West Trade. Exporters may make occasional inquiries on the status of urgent applications pending in COCOM by calling the Security Export Controls Division of the Office of East-West Trade (202-647-2885).

For further information: See also Department of State GISTs on "Controlling Transfer of Strategic Technology" and "US Export Controls."

US Export Controls

September 1987

Background: The Reagan Administration is committed to promoting US exports. Exports provide jobs and profits and enable us to import vital goods to meet growing domestic demand. The US imposes certain controls, however, to ensure that exports are consistent with our national security and foreign policy. These controls affect less than 10%, by value, of current US exports. Most apply to weapons or to equipment and technology of potential military importance. Commodities are controlled for munitions, nuclear, strategic, and foreign policy purposes and because they are in short supply.

Munitions controls: Direct commercial exports of defense articles and services are subject to the Arms Export Control Act and its implementing International Traffic in Arms Regulations (ITAR), administered by the State Department's Office of Munitions Control. It is US policy to deny export or re-export authorizations to the USSR, its Warsaw Pact allies, and most other communist countries. Decisions on proposed exports of munitions articles to non-communist countries are made on the basis of compliance with ITAR regulations and US arms control, national security, and foreign policy considerations.

Nuclear controls: The US actively assists other countries to use atomic energy for peaceful purposes but also seeks to halt the spread of nuclear weapons. Thus, the US controls exports of goods or technology which, if misused by the recipient country, could contribute to the production of nuclear explosive devices. The Atomic Energy Act, as amended by the Nuclear Non-Proliferation Act, establishes the controls. Before permitting exports, the US reviews the item's proposed use, whether the government of the purchasing country has signed the Nuclear Non-Proliferation Treaty, and whether there are acceptable assurances that the item or nuclear material produced from it will not be diverted to develop nuclear weapons.

National security controls: Controls are maintained on items that, although commercial in nature, also have strategic or military relevance. Applications are generally approved for free-world destinations, unless the export would conflict with foreign policy or nuclear nonproliferation controls. Exports to the USSR, other Warsaw Pact countries, and Asian communist countries are reviewed from the standpoint of whether the export would contribute significantly to those countries' military potential. In conjunction with most NATO countries and Japan, the US maintains multilateral controls on many strategic goods and technologies.

Foreign policy controls: These controls are aimed at furthering the foreign policy of the US.

- A license is required for the export of crime control and detection equipment to all countries except NATO countries, Australia, New

Zealand, and Japan. The purpose of the control is to ensure that US-origin police equipment is not exported to countries whose governments do not respect internationally recognized human rights. Licenses are issued unless there is evidence of human rights violations by the government of the importing country.

- Export controls are maintained on South Africa to distance the US from the practice of apartheid and to encourage racial justice in that country. All arms and ammunition are prohibited, in accordance with US participation in the UN arms embargo on South Africa. All other exports are embargoed to the South African military and police. Computer exports are not permitted to government agencies that enforce apartheid. Exports are denied to nuclear production and utilization facilities in South Africa. Aircraft exports are carefully reviewed and approved only upon receipt of adequate written assurances against police, military, or paramilitary use.
- Almost all exports are embargoed to Cambodia, Cuba, Libya, Nicaragua, North Korea, and Vietnam.
- Controls are imposed to discourage state support for terrorism. Libya, Iran, Cuba, Syria, and South Yemen have been designated by the Secretary of State as countries that repeatedly have provided support for acts of international terrorism. Anti-terrorism controls are tailored to the record of each country. Libya and Cuba are subject to total trade embargoes. Controls for Syria were expanded in 1986 to include all aircraft, helicopters, related parts and components, and other national security controlled goods and technical data. For Iran, all aircraft, parts, and avionics, as well as marine outboard engines, are embargoed. Export licenses for other items are not issued when the end-user or end-use is military. For South Yemen, large aircraft, helicopters, and other strategic commodities are given special review. Licensing policy takes into account whether approval or denial of an export would encourage the country to take steps to reduce its support for terrorism.
- Controls are maintained on the export to Iran, Iraq, and Syria of certain chemicals that can be used in manufacturing chemical weapons. The control is consistent with US neutrality in the Iran-Iraq war and our opposition to the use of chemical weapons.

Short supply controls: Controls occasionally are necessary to protect the domestic economy from an excessive drain on scarce materials. Congress has legislated restrictions on the export of crude oil and natural gas, refined petroleum and gas products, helium, ammonia, unprocessed Western red cedar logs, and horses for export by sea.

For further information: Exporters should consult the Export Administration Regulations and the Commerce Department's Export Licensing Office, Exporter Assistance Staff, (202) 377-4811. For information on the Libyan and Nicaraguan export controls and embargoes in general, exporters should contact the Treasury Department's Office of Foreign Assets Control, (202) 376-0395.

Harriet Culley, Editor (202) 647-1208. Address change (202) 647-6707.



National Conference on Soviet Jewry

November 30, 1987

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The Honorable Ronald W. Reagan
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

The National Conference on Soviet Jewry, its nearly 50 national member agencies, and our 300 affiliated local community councils and federations, express our appreciation for the years of effort by this Administration in support of the rights of Soviet Jews. These efforts -- persistently pursued -- bear promise in the joint USA/USSR call to the December 7, 1987 summit which states that, "The President and General Secretary attach the highest importance to holding a substantive meeting which covers the full range of issues between the two countries -- arms reductions, human rights and humanitarian issues, settlement of regional conflicts and bilateral relations -- and which makes significant headway over the full range of these issues."

We earnestly hope that the summit meeting will take concrete steps to assure that Soviet Jews may be united with their people in Israel, in accordance with the rights guaranteed by international law and practice, and in recognition of the unique ethnic, religious and cultural claims of a people who have no homeland in the USSR.

We also trust that the summit meeting will be followed by specific steps to assure that Jews who now reside, or hereafter choose to remain in the USSR, shall be accorded the right to practice and transmit their religious and historic heritage, individually and in an institutional framework.

In our view, the summit meeting should also establish bilateral USA/USSR arrangements to periodically monitor and evaluate progress in the above areas.

Mr. President, we welcome the fact that all Jewish Prisoners of Zion have been released; that scores of refuseniks have been permitted to leave. However, "glasnost" has not fundamentally changed the status of Soviet Jews. Even in this year, the rate of emigration is less than 1/5 as great as in 1979. Further, since January 1, 1987 a new Soviet law has restricted the right to apply for exit more severely than ever, and the use of arbitrary "secrecy" laws and artificial "family obligations" have further stringently restricted the ability to leave.

A few weeks ago, after a thorough study of Soviet emigration practice, the prestigious New York law firm of White and Case issued a comprehensive report and an opinion which concludes that, "At the margins, the legal judgements of different states will differ. The emigration law and practices of the Soviet Union, however, are outside what may be safely regarded as the common core on which civilized nations agree and the common ground that has emerged under international law."

A coalition of forty-five national organizations and over three hundred local community councils and federations

National Office: 10 East 40th Street, Suite 907, New York, N.Y. 10016 • (212) 679-6122 • Telecopier: (212) 686-1193 • Telex: 237311 NCSJ

Mr. President

Page 2

November 30, 1987

We are reluctantly forced to conclude that the highly visible acts of the present Soviet regime do not reflect the underlying realities daily faced by Soviet Jews. We dare not be distracted by Soviet ploys, are the governments of the West, including especially those of the United States, Great Britain, Canada, Australia and France. I am certain that you understand this position.

The Jewish community in this country, and the millions of others who support our initiative, now await concrete acts by the Soviet government, in accordance with their international obligations. Most meaningful would be:

1. Permission of Jews to emigrate, as the Secretary of State has put it, in a sustained, systematic and regularized manner.

Perhaps it could be useful to formulate a general framework in which the American representatives can approach their Soviet counterparts in the context of their own law and announced policies:

a) Accept Article 30 of the Soviet emigration decree of January 1, 1987 at face value -- that it anticipates entry into bilateral relations governing emigration with certain states outside the limitations otherwise applicable. We should thus assume that, as in the case of ethnic Germans, the Soviets permit return of certain ethnic groups to their ancient or historic homelands. (Indeed, in recent months, more Germans have been permitted to emigrate than Jews). The predicate of the proposal is that the Soviets would enter into a bilateral agreement with Israel for the departure of Soviet Jews in such numbers as Jews may wish.

b) It is desirable that such a bilateral emigration agreement should be preceded by the restoration of diplomatic relations between Israel and the USSR. On this, we have Gorbachev's assessment that the present situation with Israel is exceptional -- not normal -- implying that the re-establishment of full relations is not inherently objectionable. Indeed, the presence of a Soviet Mission in Israel, and the extension of its stay at Moscow's request, strengthens this impression.

c) If a bilateral arrangement governing emigration, as above described, can be negotiated between Israel and the USSR, a major goal will be accomplished. This bilateral agreement could be implemented by direct flights. At the same time, the textual language of the new emigration decree would permit reunification of eligible families in the United States and other parts of the world.

2. The legitimization of Hebrew as a national language and treated as any other in the Soviet Union;

3. Permission to Soviet Jews to organize in ethnic, cultural and religious groupings to pursue their heritage;

Mr. President

Page 3

November 30, 1987

4. Cease jamming the Voice of Israel -- a visible and audible contradiction of the spirit of "glasnost."

We shall continue to watch Soviet conduct in all these areas, for words and gestures can not be a substitute for performance.

Mr. President, in the interest of world peace, we support your stated hoped of creating positive and constructive relations with the Soviet Union. Such will inevitably follow when the Soviet Union's practices, especially in terms of the right to leave, are no longer outside the common core on which civilized nations agree.

Sincerely,



Morris B. Abram
Chairman, National Conference on Soviet Jewry
and
Chairman, Conference of Presidents of Major
American Jewish Organizations

MBA:ag

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November 16, 1987

*NOT ADMITTED TO NEW YORK BAR.
**CONSEIL JURIDIQUE IN FRANCE ONLY.

General Secretary Mikhail Gorbachev
c/o Ambassador Yuri Dubinin
Embassy of the U.S.S.R.
1125 16th Street, N.W.
Washington, DC 20036

Dear Mr. Secretary:

As chairman of the National Conference on Soviet Jewry and the Conference of Presidents of Major American Jewish Organizations, I head two umbrella organizations of American Jewry; one of which is specifically charged with the issue of Soviet Jewry. The National Conference on Soviet Jewry is thus the body which is organizing and will lead a public event to be held in Washington on December 6. It is our purpose that this large event will be respectful of the leaders participating in the Summit conference, but truly expressive of American feelings on the plight of Soviet Jewry. We will gather in support of broad purposes, specifically the Human Rights agenda as set forth in the joint statement by which you and President Reagan convened the conference.

I shall lead a small delegation to discuss with President Reagan, on November 17, the issues of our special concern. We respectfully request, Sir, the opportunity to meet with you, however briefly, during your stay in our country. It may interest you to know that the women of our cause, including the Congressional Wives for Soviet Jewry, are organized not only around these general concerns, but those which especially pertain to women. A small delegation

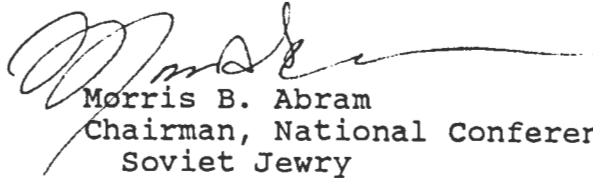
General Secretary Mikhail Gorbachev

2

would be very honored, indeed, if they could have a parallel meeting with Mrs. Gorbachev.

I look forward to a reply in the hope that we can meet in friendship to advance the purposes of the Summit conference.

Sincerely,

A handwritten signature in cursive script, appearing to read "Morris B. Abram", with a long horizontal flourish extending to the right.

Morris B. Abram
Chairman, National Conference on
Soviet Jewry

Chairman, Conference of Presidents of
Major American Jewish Organizations

/vc

United States Department of State

Washington, D.C. 20520

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MEMORANDUM

December 11, 1987

TO: NEA - Mr. Murphy

FROM: HA - Richard Schifter *RS*

SUBJECT: Jewish Emigration from the U.S.S.R.

The following summarizes our discussions with the Soviets at the working level of the Washington Summit, concerning Jewish emigration from the Soviet Union:

- 55 4 p p. 208*
- (1) The Soviet side furnished us with status reports on cases involving applications to emigrate to Israel. The earlier practice was one of responding only to U.S. Representation list cases. By providing us with a detailed accounting on Israeli cases, the Soviets confirmed a change in policy, namely to accept lists from us of persons intending to emigrate to Israel and, thereafter, to furnish us with specific responses. This change in policy was first signaled to us in August of this year.
 - (2) The results, concerning the names we had submitted to the Soviets, were mixed. Some cases had been approved for emigration. Others had once again been denied. Others still were reported as pending further review. None of the approvals revealed at the Summit were completely new, but quite a number of cases had been affirmatively decided only within the last few days prior to the Summit. Our lists have clearly been paid attention to.
 - (3) Denials of exit permits are now based on one of two grounds: (a) the applicant's possession of secret information, and (b) parental refusal to agree to the emigration of a son or daughter. We continued to argue that the first of these limitations is being misapplied, in that persons whose one-time secrets are no longer secret are being refused permission to leave. As to the second ground for denial, we argued that there is no basis under the Helsinki Final Act for conditioning the emigration of an adult on the consent of that person's parent.
 - (4) Our remonstrances on the second of these points appear to have had a beneficial result. The Soviet side has informed us that under a new procedure, to be put into

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effect imminently, an adult son or daughter denied the consent of a parent to an emigration application may sue that parent. The parent would then be required to show good cause why the application for an exit permit should not be granted. Good causes would be the parent's financial dependence or ill health and the resultant need of care. Mere unwillingness to agree to the departure would no longer be considered a sufficient ground for denying an exit permit. -- It is, of course, necessary for us to await the announcement of the new procedure and watch its implementation. If it is carried out, it may resolve what I have heard estimated as up to 100 cases. Beyond that, from what I am told, it may result in many new applications from young people who have heretofore not applied because they were unable to get the consent of their parents.

- (5) We do consider the continued refusal of exit permits to applicants who have not done any secret work for 10 or 15 years or even longer deeply disappointing and have expressed ourselves to the Soviets along these lines. We have heretofore suspected that the denials were part of a Soviet anti-brain drain policy. General Secretary Gorbachev admitted as much in his recent interview with Tom Brokaw. The brain drain concern has two aspects to it. First, even though a scientist or engineer may for a long time not have worked in his field, the use of his brain is to be denied to the West. (I believe the cases of Professor Meiman and Lerner fall into this category.) Second, the fact that scientists and engineers continue to be denied the opportunity to emigrate has what one recent emigrant referred to as a "scarecrow effect" on other scientists and engineers who may never have applied for emigration but would apply if they thought they had a good chance of getting permission to leave.

- (6) I asked once again about the "first-degree relative" requirement. From the vague answer I received, it appeared to me, once again, that this requirement will not be rigidly applied. I believe the requirement was inserted in the emigration decree to avoid a stampede of new emigration applications. Now that it has had the desired result, namely the prevention of a stampede, the decision appears to have been made not to apply it very rigidly, perhaps even to ignore this particular requirement for the time being.

bec. hope to change it - can close off & speed by
i.e. they applying it ~

(7) At our recent Moscow meeting, we had been told that the backlog of unprocessed cases of applications to depart for Israel was 420. This figure has now been more fully explained to us. It includes all applicants 16 years of age or older. It also includes all complete applications now being worked on, including cases pending before the Commission of the Presidium. Presumably it does not include cases in which a negative decision has been entered, which has not been appealed or an application in which some supporting document, such as a parental consent form, are missing. The 420 figure was identified for us as the total pending as of November 1, 1987. The corresponding figure for December 1, 1987, we were informed, is 554. -- From other information given to us by the Soviets, it would appear that to compute the figure of the total number of persons leaving, including those under the age of 16, we need to add about 40 percent. A figure of 420 persons over 16 years of age thus translates into a total backlog of about 590. The figure of 554 translates into a total of about 775. This means that the backlog increased during the month of November by a total of 185. Assuming that during that month about 800 exit permits were granted, this would mean that the number of new applications, as well as appeals filed during the month of November, totaled close to 1,000. (That fact may very well jibe with the report of a sharp increase in vyzovs sent from Israel during the month of November.) While we never can be sure that the Soviets are telling us the truth until we receive proof to the contrary, we should accept the figures now given us by the Soviets as accurate. If you are asked about the 12,000 to 13,000 figure given to Secretary Shultz by Foreign Minister Shevardnadze, I think that you can say that this may have been Shevardnadze's recollection of the estimate given him at the outset of the new policy as to the number of persons in the refusenik backlog. More than half of them, as we know, have now received exit permits. Others have their applications still pending, still others may not as yet have renewed and updated their applications.

Comment: It would appear that when the Soviets decided about a year ago to start up Jewish emigration once again, they were concerned about a new avalanche of applications. They

therefore put a set of rigid restrictions into place in an effort to discourage the filing of a large new number of applications. Given the trauma inflicted on the Jewish community by the fate of the refuseniks during the last six years, the number of new applications was quite modest. Recognizing that their policy of discouraging new applications had succeeded to a greater degree than may have been desirable, the Soviets have gradually relaxed existing restrictions, although not completely. There was, quite naturally, a lag between the time these relaxations of restrictions were first in evidence and the response from Soviet Jews, as reflected in the filing of a greater number of new applications. It is, therefore, quite possible that the number of new applications might now further increase, with the result that emigration figures might climb somewhat in the period immediately ahead.

cc: Mr. Whitehead (info)
Ambassador Kampelman (info)
Mr. Abramowitz (info)
Mr. Solomon (info)
Mr. Simons (info)

Drafted:HA:RSchifter:mpg
12/11/87; x72126; #1216/mpg

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

December 8, 1987

MEMORANDUM FOR: LISA JAMESON, DIRECTOR OF SOVIET AND EUROPEAN
AFFAIRS, NATIONAL SECURITY COUNCIL

FROM: ARLENE HOLEN AH

SUBJECT: Exit Visas for Children of Leningrad Family

On a trip to Leningrad four years ago I met several times with the Tsimberovs, whose situation is described on the attached sheet. Friends in the United States are trying to help this fine and devoted family in every way possible. I call their plight to your attention in the hope that you may be able to offer suggestions or assistance.

cc: Paula Dobriansky, State Department
Richard Shifter, State Department
Max Green, White House Office of Public Liaison

THE TSIMBEROV FAMILY OF LENINGRAD

The Tsimberov family lives in Leningrad in the Soviet Union, at ul. Korab-
lestroyteley 29/5/161, Leningrad 199155. They applied in September 1987
to emigrate from that country. Two of the family members quickly received
permission, and the others are waiting to hear.

The members of the family who are still awaiting permission are:

Una, age 21

Dimitri, age 25

Tanya (Dimitri's wife), age 28

Leah (Dimitri's daughter), age 1

Una graduated in 1986 from a music college. Although she obtained a
straight-A average in her courses, she was denied admission to a music
conservatory, apparently because she is a Jew. When she applied for
permission to emigrate in September, she lost her job as a music teacher.

Dimitri also graduated in 1986 from a medical institute in Leningrad and is
currently serving as a second-year resident. He has been suffering on and
off over the years from ulcers and pancreatitis and is currently on sick
leave from his job because of these problems.

Tanya graduated with her husband from the medical institute. She is on
leave because of her baby. She is expecting another child in January 1988.

There is no issue about any secret-clearance status these young people
might have had. For nearly all of their lives, they have been students.

The nine years of waiting for permission have been very difficult psycho-
logically for this family. Each has suffered illnesses as a result of the dis-
crimination and harassment they received during this time. Although Una
and Dimitri's parents have been given permission finally, the anxiety of
waiting for word about their children continues to produce great stress.

The children should be given permission to leave as soon as possible to
avoid the creation of a divided family.