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E.O. 12958, as amended, Sect 3.5

NSC/Soubers to Smith 09/06/2002

By *LR* Date *02/13/97*

THE WHITE HOUSE

WASHINGTON

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October 27, 1972

National Security Study Memorandum 163
Council on International Economic Policy Study Memorandum 24

TO: The Secretary of State
 The Secretary of the Treasury
 The Secretary of Defense
 The Secretary of Agriculture
 The Secretary of Commerce
 The Special Representative for Trade Negotiations
 The Director of Central Intelligence

SUBJECT: Economic Policies for the Eastern European
 Countries

The President has requested a comprehensive review of the issues involved in further normalizing our economic relations with the countries of Eastern Europe.

The study should encompass economic relations with: Albania, Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania, and Yugoslavia. It should examine current and potential areas of economic interaction between these countries and the United States in light of our political and economic objectives in each country and in Eastern Europe as a whole. It should examine policy options with respect to the individual countries of the area and to the area as a whole. Taking into account the policy options developed, the study also should provide time-phased negotiating scenarios which:

- a. pursue the various policy options in bilateral negotiations on economic and other issues with the individual countries, and
- b. establish priorities among the individual countries in respect to the pursuit of negotiations on the specific issues involved.

An illustrative list of topics for examination is included in the attachment to this memorandum. This list is not intended to be exhaustive. The report also may include country profiles and trade projections.

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The study should be prepared by an Ad Hoc Group comprising representatives of the addressees and of the Assistant to the President for National Security Affairs and the Assistant to the President for International Economic Affairs, and chaired by the representative of the Secretary of State. The study should be forwarded not later than December 1, 1972 for consideration by the NSC Senior Review Group and the CIEP Review Group.



Henry A. Kissinger



Peter Flanigan

Attachment

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STUDY OF ECONOMIC POLICIES
FOR EASTERN EUROPEAN COUNTRIES

SUGGESTED LIST OF TOPICS

A. Overall Policy

1. What are the major implications for U.S. economic policy toward the Eastern European countries of our trade and financial negotiations with the USSR?
2. Should we seek comprehensive settlements of economic issues, including trade agreements, with individual East European countries, or deal with specific issues on a case-by-case basis?
3. Which outstanding issues should be handled on a bilateral basis? On a multilateral basis? How, if at all, do we deal with CEMA institutions?
4. What political, economic, and other quid pro quos should we seek in the East European countries in exchange for particular steps taken by us to normalize economic relations?
5. What conditions govern the timing of such moves?
6. A differentiation should be made between those policy moves that would require legislative action (e.g., Johnson Act, Findley Amendment) and those that would not.

B. Specific Issues

Among those which might be considered country-by-country and regionally as appropriate are:

- a. MFN
- b. EXIM Bank credit facilities
- c. Export Controls
- d. Financial claims. For example, how should we approach nationalization and war damage claims, defaulted dollar bonds, public debts, blocked accounts, annuity payments and Czech and Danzig gold?

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- e. Capital control programs
- f. PL-480 Debt
- g. Agricultural credits and sales
- h. Reciprocal business facilities and official commercial representation.
- i. Taxes, royalties, patents and copyrights
- j. Joint ventures
- k. Insurance, such as OPIC
- l. Participation in multilateral trade and payments institutions such as the IMF, IBRD, and the GATT. Role of the ECE?
- m. Should any East European countries be made eligible for U.S. generalized tariff preferences?