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September 29, 1955

DRAFT SUMMARY REPORT ON SENIOR ECONOMIC OFFICERS CONFERENCE
(W. S. DeLany)

At the Paris Conference of Senior Economic Officers in Europe, East-West trade had one hour on the agenda, Wednesday, 21 September.

I presented the attached paper, followed by Walstrom's presentation, attached. Mr. Waugh, in the chair, asked for comment or any statement the country representations present desired to make on Walstrom's appraisal of national attitudes as reflected in COCOM. There were no comments. Brown (U.K.) questioned the cost ratio staff paper (SS-1) as relates to the strategic evaluation of items. I invited his attention to the fact that the concept was based on the effect of the over-all economy of the Bloc and on his further questioning, I stated I did not accept the cost ratio concept as an added criterion because in my opinion it smacked of economic warfare, and was not negotiable.

Regarding the bilaterals with the U.K., which took place in London on September 26, Moline, Barnett and myself met with Wheeler and Gresswell of Defense and Edden of the Foreign Office. The discussion opened by my stating that we would appreciate the present thinking of the U.K. representatives towards trade controls, especially China. Wheeler began his presentation by stating that U.K. present thinking was towards a COCOM list of items pointed towards security requirements of the West in a global war with nuclear weapons. When questioned if limited wars with conventional weapons need not be equally considered, U.K. voiced the opinion that the bloc was practically self-sufficient in that respect. U.K. stated they were working

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in Defense towards the formulation of such a list, and anticipated readiness in about one month. U.K. gave no indication of list control - except to say they would attempt item justification.

Regarding the timing of the forthcoming CG -- U.K. agreed to a meeting not earlier than first week in December or at least ten days after the end of the Foreign Ministers Meeting, whichever was later.

Regarding China controls Barnett presented the U.S. point of view on the necessity for holding to the present level. (Notes attached were prepared by Mr. Walstrom immediately following meeting.) Mr. Barnett emphasized the U.S. responsibility in the China area and the necessity for the retention of a unified effort in the support of that position and stated that the U.S. at this time had no room for maneuvering on China controls and that the possibility of flexibility is related to a change in circumstances which might result if a firm line could be held during the Geneva talks between the U.S. and Chinese Ambassadors.

U.K. had previous to this indicated little interest in the CHINCOM list. They, however, did appear to react to the U.S. presentation and expressed an appreciation of the U.S. position. The Foreign Office representative stated that they did not agree with the U.S. position of force or threat towards China as a means of winning any change in Chinese attitude. Nevertheless, they supported the U.S. position in the U.N. this year on the recognition issue. They were not clear as to what this might mean for their attitude towards the U.S. position as relates to trade controls.

U.K. expressed the desire to come to a single list of controls contending that China and USSR are one group and should have the same treatment on trade.

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They did not agree that there could be a differential as relates to the potential of each in limited wars with conventional weapons.

It was evident to me that as a result of the meeting in Paris, and the U.K. bilaterals, that unless there is a change in attitude as relates to China controls on the part of most PCs, we will be unable to sell the retention of the present level of controls to China, and find it difficult to get an agreement for any differential between COCOM and CHINCOM controls. So far as the COCOM controls themselves, I would evaluate the U.K. intent to be the proposal of a common list applicable to the Bloc as a whole, and controlling only such items as would contribute to the Bloc's ability to wage a global war with nuclear weapons.

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