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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

NIC #9288-82
16 November 1982

MEMORANDUM FOR THE RECORD

SUBJECT: 16 November SIG-IEP Meeting on the GATT Ministerial and East-West Economic Policy

1. [redacted] and I attended the SIG-IEP session, which was chaired by Secretary Regan. Ambassador Brock presented a dismal picture of the status of preparations for the GATT Ministerial meeting. So far there has been little or no progress on any of the important current issues. There is a deadlock with the European Community on safeguards. The French refuse to give the EC a negotiating mandate on agriculture. There is virtually no progress on investment issues. The Europeans support us on adding issues concerning services to the GATT agenda but key LDCs, especially Brazil, remain opposed. There is a possibility that some progress can be made on high technology areas and on North-South.

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2. The strong possibility that the GATT meeting will be generally perceived as a failure, coupled with the likelihood of a US trade deficit of the order of \$85 billion next year, are bound to give a great deal of ammunition to the already strong protectionist pressures in the US Congress.

3. Under Secretary of State for Economic Affairs Wallis reported on the "agreement" with the Allies on lifting sanctions and Secretary Shultz' "non-paper." Following what appeared to be agreement on the text of the non-paper, although not on its release, the Allies were briefed on which sanctions the US expected to remove--all of those introduced in both June and December. They were told that the President intended to make an announcement to the press on Saturday and were asked their concurrence or comments. On Saturday morning, all countries except France concurred. Wallis called Attali, who promised to call back. He did so, and replied that he still wanted to change some words on the agreement. Although it was too late to do this, the President tried to cover this point in his press statement by making reference to "substantial" agreement. The French probably will eventually agree, now that they have formally disassociated themselves from any "deal" involving the lifting of US sanctions.

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