

DEPARTMENT OF STATE

Washington, D.C. 20520



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Minutes

Meeting of the Interagency Coordinating Committee

for U.S. - Soviet Affairs (ICOn file USDA release instructions apply.

Bureau of European Affairs Department of State

December 6, 1977 Not referred to DOC. Waiver applies.

U.S.-Soviet Relations

Dr. Shulman said it had been suggested that he provide a brief summary of the state of U.S.-Soviet relations at the outset of the meeting. He found a mixed picture. On one hand, some negotiations, SALT and CTB, seemed to be going forward reasonably well, with the Soviet attitude positive. The Soviets want an agreement, and soon. It was clear during the tour of the Soviet "governors" around the U.S. that the message which the RSFSR Chief Minister Solomentsev was supposed to project was a positive one. On the other hand, it is clear that there are a number of question marks affecting the relationship generally. This isn't unilinear, but operates on many planes. Among the political issues, we have divergent positions on the Middle East which have widened. The Soviets have been intimating in their communications that the tone of the relationship may be affected. There are also other areas involving political developments -- in the Horn, in Southern Africa and in Angola. Each has been fairly active and could have a general effect.

Against this background, Dr. Shulman continued, there are the individual cases of Shcharansky, Ginsburg and Orlov. It seems likely that Shcharansky will be brought to trial in December. While we don't know for sure whether the charges will be the maximum, or whether it will be handled in the minimal way, there is no doubt that the case will tend to color the relationship. Also the Sakharov case may balloon in the next days. He applied for a visa to accept the AFL-CIO invitation to speak at their meeting on Thursday. In his preliminary MORI/CDF C03359781



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he did not receive the <u>kharakteristika</u> (reference) required for the visa, and it is not clear whether that will be waived or required. His speech, sharp and tough, has been communicated to the AFL-CIO and will be read in his stead if he does not come. If Sakharov continues not to receive a visa, the case will continue to receive considerable attention. The general tone of relations could be affected by such things, and the tone which surrounds individual negotiations in which ICCUSA members are involved would also be affected. For the most part, however, the visits back and forth between the two countries and the cooperative agreement bilaterals are moving forward reasonably well.

Consequences of Previous Meetings

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Dr. Shulman briefly described the report provided the NSC by the ICCUSA Co-chairmen following each meeting, and the NSC's reaction to date that ICCUSA is serving a useful purpose. Dr. Shulman suggested that follow-up actions are probably not being taken as quickly as one would want, but the Co-chairmen are monitoring the situation. In any event, ICCUSA will stay with a given matter until action results. The members should therefore be aware that these discussions are not just academic but help identify where advance planning is required, where better coordination among government agencies is appropriate, etc.

Preparations for Agricultural Meetings in Moscow: Followup on Grain Purchases

Dr. Shulman asked Dr. Hathaway (Agriculture) to discuss the second agenda item which continues earlier ICCUSA discussion on the reporting of Soviet grain purchases and the monitoring of the Soviet harvest.

After saying that he would have a meeting on the same subject on the Hill tomorrow along with a colleague, Dr. Hathaway said that since Mr. Wilhelm reported to ICCUSA at the last meeting, Agriculture has set up an informal system with the grain companies pursuant to which they are reporting all sales they are making expected to be from U.S. sources to the Deputy Secretary of Agriculture or to him. The reports are recorded and two copies kept. Presumably we are now hearing of all the sales that are made by foreign subsidiaries and which are expected to be delivered from U.S. sources. Dr. Hathaway expressed doubt that the companies would lie to Agriculture since they would have much to lose in that case in terms of future legislation. It is his personal judgement, despite what some



magazines have written, that the Soviets basically had not made the purchases attributed to them at the time they were here, and unless we are now being lied to in a concerted manner by the grain companies, they still have not made the purchases. It is argued in theory that one can "beat the system", i.e., make purchases through foreign subsidiaries which are not officially reported, or through reported "destination unknown" contracts which are later switched to Soviet sources. But we have been doing a running tabulation, and the answer is that as of December 1, including one transaction reported on December 5, of 500,000 tons, we had reports amounting to six million tons of purchases. We are watching with extreme care to what extent these are reported as new sales to the Soviets and to what extent they represent transfers from the "destination unknown" category. The answer is that 68% of the sales until now are reported as Soviet sales and 27% were switched from "destination unknown". The bulk of the latter was one 600,000 ton sale switched November 15 from the "destination unknown" category.

Dr. Hathaway continued that, although it is possible Agriculture is being lied to, the information it now has suggests that the Soviets had not made the purchases by their arrival here in October which were attributed to them publicly. And they are a long way from fifteen mil-Yesterday -- Dr. Hathaway continued -- one lion tons. of their local people came in and raised a question about why the U.S. market had gone up so much in the past two months. He was given a long explanation on the U.S. grain market and how the price support system works. Dr. Hathaway speculated that maybe someone in Moscow cabled him to ask what the system will cost them. They apparently don't understand the price support program. Returning to the subject of the volume of Soviet purchases, Dr. Hathaway said that Agriculture knows what the Soviets have contracted for from all sources, and it is not twenty million but 11.8 million. The represents reported sales from the U.S., Canada, Australia, India and Hungary, for delivery in the period October 1977 to September 1978. Dr. Hathaway commented that the Australian Wheat Board closed out its sales last week, that it was unlikely there would be more from Argentina. He estimated that Canada has committed everything they can get out of their ports in the next few months.

On the crop reporting question, Dr. Hathaway indicated that Agriculture has compared our accuracy in estimating Soviet crops with our accuracy on other countries. The results are particularly noteworthy in view of the fact

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that the Soviet Union has a closed system in contrast with the other countries. On Canadian production, we have a higher percentage of estimating error in the last four years than in the case with the Soviet crop. Australia is the same; the Australian crop estimate was reduced by almost twenty per cent in six weeks. In short, the CIA and the USDA should not be taking the bum rap they are taking; when you look at the record, the estimate of the past four years has been off 2%, 21%, 4% and 10%. This is as close as we come to estimating the Canadian crop, and the crop reporting system there is about like ours.

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As to the Moscow meeting, Dr. Hathaway said that the U.S. side next Monday would continue to push for everything which it believes the Soviets have in the way of information. There were essentially three options on the question of economic statistics: 1) grumble, and say we wanted more; 2) at the other extreme, say that if we don't get certain things, some of which they may not have, refuse to extend the agreement, or 3) push for obtaining specific things we think will be helpful on the crop-reporting side, including the possibility of collaborating on whatever models they have on crop yields. In essence, that will be the area in which we will push hardest, but we will not say "we will terminate if you do not give us everything". Dr. Hathaway explained that there is a wide divergence of opinion here: some believe the Soviets have everything (in terms of information for crop-forecasting), while others say they have less. It is irrational to push them for what they may not have. The question of economic statistics will be the main issue on the agenda.

Mr. Luers (State), who Co-chaired the meeting in the absence of Mr. Vest, asked how well the Canadians estimate their own crop. Dr. Hathaway replied that the weather is much like the Soviet's, with snow falling sometimes before the harvest. Last year their crop estimate went up 22% over an eightweek period. In response to a further question, Dr. Hathaway indicated that the U.S. basically uses the Canadian estimate, as it does the Australian's.

Dr. Hathaway said that he has requested a special meeting with Deputy Foreign Trade Minister Gordeyev in Moscow and with <u>Exportkhleb</u> to go over again our concern about the reporting procedures. We also explained to the local Soviet representatives why we feel we need more information, and believe this has been conveyed to Moscow also.

A question was asked about the grain prices the Soviets will encounter in the market when they consummate their

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purchases. Dr. Hathaway confirmed that they will have to pay higher prices. Between October and the present the price of wheat has gone up on the order of 50 or 60 cents a bushel. This partly results from the announcement of an increase in the price support program. The net result from this and the healthy export picture is that the price of grain has been pushed up. Dr. Hathaway was asked whether we aren't casting the Soviets as Machiavellian one year and then very stupid the next. Dr. Hathaway responded that he doubted this since there are probably not more than twenty people in Washington outside of the House and Senate Committees and their staffs who fully understand the price support program and its operation. The Soviets have even come in and asked whether an explanation in English translation would make the program any more intelligible to them. The USG has taken a whole series of administrative actions which have had priceraising effects.

Mr. Frutkin (NASA) commented that the man-in-thestreet only knows that he will end up paying more if there is talk about large Soviet purchases. Mr. Luers (State) asked whether the anticipation of increased Soviet purchases after Brezhnev's November 2 announcement had an effect on the market. Dr. Hathaway said that the Soviets themselves did not talk about large purchases but such talk originated here. Regarding the impact on the market, Dr. Hathaway said it was small, probably because the market had already reflected the rumors by the time of Brezhnev's statement. He added that on his trip abroad he had spoken with an individual who operates one of the major foreign subsidiaries and was told no contracts with the Soviets had been signed by the time the Soviets were in Washington.

asked whether, in view of the six million cons purchased by the Soviets to date, USDA is now assessing if the Soviets will be buying another seven or eight million tons. Dr. Hathaway replied that USDA is trying to do estimates of what purchase and shipping schedules the Soviets would have to adopt to make the necessary purchase of 15 million tons. Most contracts are now for first quarter delivery and it is clear they would have to increase their shipping rate very substantially over the current flow. After citing increases in Gulf wheat and corn prices between October 11-12, when the Soviets were here for talks, and the present, Dr. Hathaway said that if the Soviets have not made their purchases, they will have to pay a lot more. We will have no idea of the contract prices, however. He noted further that there is reporting now of higher than normal "destination unknown"

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transactions, but that may be speculators. Co-chairman Shulman, in concluding the discussion, asked if Agriculture would report at the January 10 ICCUSA meeting on the Moscow talks. Dr. Hathaway said someone would report; he might not be able to as he might be in London.

Shuttle-Salyut Talks

Dr. Shulman asked Mr. Frutkin (NASA) to discuss the recent talks in Moscow on cooperation in space, including Shuttle-Salyut and planetary research. Mr. Frutkin explained the discussions resulted from an agreement to use the Shuttle and Salyut craft for joint scientific experimentation, assuming feasibility of such a project can be demonstrated by a joint study.

The Soviets brought together their outstanding people in various fields for this initial meeting which was held under the auspices of the Soviet Academy of Sciences. They had clearly taken seriously our insistence that scientific objectives be given priority. Mr. Frutkin said that the discussion identified five areas for further exploration.

A separate operations working group is also beginning the compilation of information on the two spacecraft; this is not technical but operational information, so that we can operate together. Because of the Apollo-Soyuz experiment, the people involved are fully experienced. The operational information for the shuttle on the U.S. side has already been published in a user handbook. A problem on the Soviet side arises because the selection of five of twelve candidate fields for joint study means some Soviet scientists will not be able to use the program for internal purposes, to generate support for their own programs. But this is an internal Soviet problem. Mr. Frutkin continued that the agreements reached in Moscow are subject to confirmation within 30 days; he believed all the agencies on Ben Huberman's committee had already signed off. There will be a certain amount of follow-on correspondence and pre-meetings before further recommendations are forwarded to the principals.

Mr. Frutkin referred to a point he made at an earlier ICCUSA meeting that the NASA staff is still not certain that the possibilities for Shuttle-Salyut projects can be developed in such a way to meet criteria recently established. These criteria are rather stringent, and one of them is that the experiments we undertake should be competitive with domestic projects for funding. We may reach a situation where political factors will require the softening of the criteria in the case of such experiments.

Mr. Frutkin said the US delegation in Moscow pursued a side discussion with Chairman Kirillin of the State Committee for Science and Technology, and expressed our unhappiness that there is little or no significant cooperation with the Soviets on the planetary side. We had suggested planetary cooperation in the past but the Soviets did not want to pursue it. Their reason was probably legitimate -- it is expensive, and they did not want to do more than one major thing at a time. The idea of raising it with Kirillin was to induce the Soviet Academy to be somewhat more forthcoming. Dr. Press wrote to Kirillin to ask that there be a meeting; we presented our side, and Interkosmos Chairman Petrov countered with a written, unconstructive rebuttal which he read. Gvishiani was present with Kirillin and his performance was interesting; he alone seemed to understand US concerns and was able to turn Petrov around on the spot. We will be pursuing exchanges with respect to future planning, to develop complementarity, etc.

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Dr. Shulman asked Dr. Huberman (OSTP) whether he had any comment. Dr. Huberman referred the ICCUSA members to Dr. Brzezinski's November 7 memorandum to Dr. Press which was keyed to the Moscow meeting. With reference to the successful trade-off involving planetary cooperation, he cited the last paragraph which speaks of the importance of pursuing trade-offs to enhance the benefits of technical cooperation with the Soviets; the Soviets should be made to understand that we expect them to be more forthcoming. The more measured approach adopted in the S and T Agreement was also endorsed in Dr. Brzezinski's memorandum. Dr. Huberman said both approaches should be taken as general guidance.

Dr. Shulman, alluding to Mr. Frutkin's comment on NASA's criteria, said that at some point the question of what criteria should be applied in weighing the substantive as well as political advantages of technical cooperation with the Soviets may have to be addressed. Dr. Shulman noted in passing that there will be an inauguration of the satellite communications hot-line within the next few weeks, with some minor ceremonies marking the occasion.

Trade and Economic Council Meeting in Los Angeles

Dr. Shulman asked Ms. Searing (Treasury) to comment on the annual session of the US-USSR Trade and Economic Council which met in Los Angeles, November 14-15. Dr. Shulman noted that although ICCUSA is not intended to be a forum for airing the details of bilateral activities with

the Soviets, activities such as the Trade and Economic Council meeting are of more general interest. Ms. Searing said the meeting could be called a success. It demonstrated a large number of U.S. firms are interested in trade with the Soviet Union. Five hundred persons were in attendance at various times and about four hundred businessmen participated. A number of figures have been cited on the value of the contracts signed with the Soviets, but Commerce is using an estimate of around \$80 million. Three USG officials spoke, Under Secretary of State Habib, Treasury Secretary Blumenthal and Commerce Secretary Kreps. Secretary Blumenthal noted some overall signs of progress; he mentioned the improvement in the political tone and signs of progress in the emigration rate, trends which could lead to a normaliza-In addition he mentioned the President's tion of trade. meeting with Patolichev and the President's hope, expressed to Patolichev, that the trade relationship will continue to expand, and trade could be normalized.

Referring to Secretary Kreps' speech, Ms. Searing said she dealt with a number of elements of the economic relationship and specifically focussed on the pros and cons of LNG projects in the Soviet Union. She spoke favorably about these projects but did not feel that Ex-Im credits were essential for them to go forward. On the Soviet side, the emphasis at the Council meeting was on MFN and credits essentially.

Dr. Shulman asked Mr. Reich to what extent Secretary Kreps' speech was intended to float the LNG question and prod our side to examine it. Mr. Reich indicated there is a push under way to bring about a clarification of U.S. policy, so that companies can more readily explore prospects. That is being looked into now and we will be seeing how to advance thoughts on behalf of companies who have felt uncertainty. Mr. Reich agreed that Secretary Kreps intended to prod the Government. Asked about the clearance process involved in Secretary Kreps' speech, Mr. Thompson (DOE) thought there might have been some confusion. The question of policy on LNG projects did arise, and DOE is currently trying to determine just what our policy is.

Dr. Shulman asked where the action was now, and Mr. Thompson cited a study group and public hearings on LNG scheduled in early January. Such hearings are required because of the policy implications. Mr. Reich said that Commerce should be working with DOE. Mr. Thompson explained that procedures are being developed within DOE

which will bring in other agencies. Dr. Shulman suggested that consultations among the agencies did not appear adequate, but he assumed they would be moving together on this question. Mr. Reich interjected that Secretary Kreps' speech was fully gone over by State and NSC. Mr. Luers noted that there are two questions, one relating to LNG in general, and the other whether we want to get involved with the Soviets. Even if decisions are made with regard to the former question, the remaining question of whether we should get involved with the Soviets is an NSCtype question. Mr. Thompson said that the two questions, which were linked, were whether we wanted to get involved with LNG imports, and from whom. But Mr. Thompson acknowledged that many of the questions involved concerned the NSC, and they couldn't be readily separated.

Joint Committee Meeting on Environment

Dr. Shulman asked Mr. Shostal (EPA) to discuss the Joint Committee meeting on environment in Washington November 14-18. Mr. Shostal reported that the meeting went very well; it was businesslike and the psychological atmosphere was positive. The Soviets raised no political issues and agreed on new activities. In a number of fields where activity had previously been limited to visits, we are now moving into joint work. Mr. Shostal said that, in a private conversation, U.S. Co-chairman Costle expressed to his Soviet counterpart the importance we attach to mutual benefit and access to Soviet facilities. Mr. Costle also raised the delicate question of the heavy-handed behavior of the Soviet security people at two recent symposia in Tashkent and Yerevan. Costle pointed out to Soviet Co-chairman Izrael that such behavior is not useful since it discourages U.S. scientists from wanting to go to the USSR. Izrael responded to Costle that if such things happen in the future, his representative (at the meeting) should be notified immediately. Mr. Shostal suggested that this might be useful advice for U.S. officials attending other meetings in the Soviet Union. Such incidents should of course be reported to the Embassy.

Dr. Shulman wondered if Mr. Shostal interpreted the incidents as an excess of local zeal. Mr. Shostal believed they were. Mr. Frutkin (NASA) noted that NASA officials have not encountered this type of behavior.

Mr. Frutkin asked about the clearance procedures in effect for joint activities proposed by U.S. agencies.

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Mr. Frutkin noted that there are differences between the way agencies clear their activities. NASA takes the position that anything which NASA is prepared to do should be done the same way as if it were done directly. NASA would want to know that the activities it supports are cleared in the same careful way it would clear anything directly. This has delayed one or two activities. One of NASA's people going to Leningrad under another agency's agreement thought he had to sign some type of agreement; there was no agreement that he should bring it back to the U.S. for final approval. NASA always requires subsequent Washington clearance.

Official Exchanges Review Talks

Mr. Wilkinson (State) briefly described the talks in Moscow the previous week. The purpose was to review the implementation of the cultural program which had already been agreed through 1979. The talks were detailed; the atmosphere was constructive. Mr. Wilkinson said we pressed the Soviets on access to archives, a problem which usually assumes importance as the American scholars become involved in their research later in the academic year. The Soviets were defensive on this question and our scholars have no specific problems at We also raised the question of the issuance this time. of exit visas to American exchange scholars at the time they receive entry visas. The Soviet side conceded in principle that our scholars could have exit visas but said the problem should be dealt with in the bilateral consular review talks. We will follow up here. Mr. Wilkinson continued that the Soviet side criticized the American side for incidents and demonstrations involving their groups here, but did not follow through on earlier Soviet threats to cancel the continuation of the program of exhibits through 1979. The upshot of the Moscow meeting is that both sides will continue to implement the program already agreed to, and the traditional battle-lines have been carried forward to 1979 when there will be a renegotiation.

Mr. Luers (State), responding to Dr. Shulman's question, said that the Los Angeles exhibit turned out to be a great success for the Soviets even though it was expected to create serious problems. There was a counter-exhibit in the same building and only a few minor incidents. The city of Los Angeles rolled out the red carpet and the Soviets felt very positive after the event closed. Mr. Wilkinson (State) added as a postscript that the leaders of the

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Jewish groups which had mounted the counter-exhibit felt that it too was a success, and a similar exhibit should be arranged at each future Soviet exhibit in the US.

Soviet "Governors'" Visit

Dr. Shulman asked Mr. Garrison (State) to comment on the visit of the Soviet "Governors" who were in the US November 22-29. Mr. Garrison noted that the exchange between the National Governors Association and regional leaders in the Soviet Union has been going on for several This particular Soviet group went to visit governors vears. in Massachusetts, Iowa, South Dakota, California, and ended in Washington. They were received on the Hill, by Vice President Mondale and saw Secretary Vance. The head of the delegation, a member of top leadership, came with a message in two parts: 1) that the Soviet Union wants not just good relations but friendly relations with the United States and 2) that contacts between American and Soviets at all different levels are a good thing--which is an echo of what we have been saying for years.

Dr. Shulman noted that a meeting between the head of the Soviet delegation Solomentsev, the Chief Minister of the RSFSR, and the President fell through. A Soviet subsequently observed that in the past comparable groups of Americans had access to top Soviet officials, and there was some question whether that would continue to be the case. Dr. Shulman said we will have a similar problem when a delegation of the Supreme Soviet visits in January. We hope we can handle the situation more expeditiously. Our feeling is that it would have been valuable for the President to have seen Solomentsev.

Mr. Reich (Commerce) said that he understood that the Soviet Governors also came with the message that there should be expanded trade on a nondiscriminatory basis. We might use the governors' exchange mechanism to promote trade; the development agencies of the states might be utilized. One problem with this possibility, in Dr. Shulman's view, was that on the Soviet side there is no central contact point like the National Governors Association; the Soviets were in effect a "pick-up group".

USSR: "Socialist" or "Communist"?

Dr. Shulman asked Mr. Reich (Commerce) to introduce the final item which had been placed on the agenda at Commerce's behest. Dr. Shulman explained that the State

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Department's policy has been refer to the USSR and East European countries as "Communist" and Commerce wished to raise the question whether "socialist" is not more appropriate. Obviously there are policy implications in the choice.

Mr. Reich (Commerce) said Commerce is presently referring to these countries as "Communist". However, the question of nomenclature has been raised by American companies, most recently at the Trade and Economic Council meeting in Los Angeles, and some Soviets were incensed by the usage. Mr. Reich wondered whether this practice was one we wished to continue.

Mr. Luers (State) expressed puzzlement why the Soviets should be upset by this usage. Mr. Reich said it had been raised in connection with the Trade and Economic Council meeting, and he felt he should raise it here for clarification. Commerce would like to have guidance. Mr. Reich said he had looked again at a cable which State sent out a year ago which mentioned that the Soviets wanted to blur the distinction between "Communism" and "socialism" and wanted to be called "socialist". This cable said the US should not give in to the effort to blur the distinction, and should be quite clear that these are Communist and not socialist nations. Mr. Reich said he wanted to raise the question and ask that it be reviewed since Commerce does put out literature using this term.

Mr. Luers (State) said that the idea that "socialist" be used to describe the Soviet Union suggests that the term "Communist" has a pejorative meaning for the Soviets. This he did not understand. By their terms it is something like calling an adolescent an adult. We would be giving them the benefit of the doubt.

stated that one of the two terms is a descripter of the social system and the other of the party which rules. 25X1 said he does not use "socialist countries" in his own work to describe the USSR and East European countries because of the Western European social democracies. From a policy point of view, it would not be appropriate. In fact, 25X1 continued, it would not be necessary very often to characterize them either way; we have gotten away from referring to our allies and friends as "free world". It is appropriate to speak about the eastern states as "Communist Party-ruled" states or, in dealing with international economic questions as "non-market economies".

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For obvious reasons they do not use "Communist" themselves. Mr. Frutkin (NASA) said the thought of a change in the USG's nomenclature reminded him of the disastrous consequences of President Ford's comment on Poland.

Mr. Reich asked again that the situation be looked at to see if the policy underlying the Department's 1976 cable still pertains. Dr. Shulman (State) agreed that a paper should be done.

Ms. Hancock (HUD) raised the question of securing access to Soviet institutes and areas for visitors to the USSR under HUD-sponsored joint projects. The question arose recently in connection with a visit under the Cold Weather Construction project when visitors were denied access to the BAM project in Siberia. How hard do we press the Soviets? The Soviets tell us it is a "complicated" matter and will take time. But, she said, U.S. Embassy officers had visited the site in question, so security does not seem the major issue for the Soviets. Ms. Hancock said she is trying to assess how hard the Soviets should be pressed.

Dr. Shulman said that there are two questions. The first is, why do the Soviets object? Is the area from which the visitor is barred less than a model area in the Swiet view? Second, how important to us is access in the given case? In the absence of a reasonable explanation for denying access, and in the presence of a good reason why the visit should take place, we should hold firm.

Ms. Hancock said the Embassy is urging HUD to stand firm. Mr. Garrison (State) noted that the Soviets may be barring the visit because work is lagging on the railway project. Dr. Shulman suggested that Ms. Hancock and State officials communicate further about the problem in the next days.

At the close of the meeting, Mr. Reich (Commerce) asked that ICCUSA Co-chairmen review at the next meeting the statement of "Goals and Objectives" prepared for Ambassador Toon. Mr. Reich felt it would be instructive to focus on them. Mr. Luers (State) noted that the list did not purport to represent the entire USG inventory of "goals and objectives" for the USSR but rather those of the Ambassador. Dr. Shulman agreed to discuss the statement at the next meeting.

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