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MEMORANDUM FOR THE FILES

Subject: Meeting of US Consultative Group on Economic Countermeasures, August 18, 1961, Room 5515 New State

Participants:

Mr. Tendler, L/E
Mr. Block, RSB
Mr. Christensen, L/C
Mr. Nichols, E
Mr. Vedeler, WE
Mr. Colbert, SOV
Mr. Breaux, ECD
Mr. Freshman, GER

Under Secretary Fowler, Treasury
Mr. George, Commerce
Mr. Behrmann, Commerce
[REDACTED]
Mr. Sullivan, Treasury
Mr. Pollack, Treasury

(b)(1)
(b)(3)

Following a review of background developments by Under Secretary Fowler regarding the economic countermeasures facet of the Berlin situation, the meeting considered Treasury's memorandum (copy attached) discussing US legislative and administrative dispositions required to affectuate a total economic embargo.

The discussion of the paper gave rise to a number of questions on various points which, taken in summary, reflect the need for further examination of the memorandum looking to greater precision, correction of inaccuracies, consideration of points insufficiently addressed or overlooked.

In particular, the following points were noted:

1. Examination of the application of an embargo as it affects US subsidiaries doing business in neutral countries (item A);
2. new line 2, effect of the application of item B on nations, specified Soviet Bloc countries having diplomatic status. As written, this

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section ~~ix~~ contains ambiguities, fails to establish operating responsibility for expulsion and is in need of some editing.

3. Reference in item B to the US cultural exchange agreed with Russia and Rumania will require advice to USRO noting that abrogation presents no US problem and that we would expect other countries to follow suit, if warranted. On policy grounds, item D would require further review which will be undertaken by ED and Soviet Affairs. In addition, TRC will be requested to provide specific information concerning the importance to US operations the Bilateral Telecommunications Agreement with Russia.

4. Item E gave rise to questions from Commerce' representatives approximately as follows: It will be necessary to inform Commerce whether enforcement of an export embargo would extend to (a) transit shipments to and from Canada and Mexico to or from the Bloc; (b) technical data furnished to non-Bloc countries of a type which would be affected by an embargo against the Bloc; (c) US policy with regard to trade between neutral countries and the Bloc, to the extent an embargo would permit all US actions; (d) the servicing of Bloc shipping by third countries.

5. The Treasury representatives pointed out that further modification of item G may be indicated and that a review of the Coast Guard position vis-a-vis movement in US waters of Bloc vessels is being reexamined.

6. The State Department's authority covering Bloc aircraft, and the status of bilateral air agreements with Bloc countries is

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to be reexamined by "L" in conjunction with "AV".

Following the meeting, which was the first opportunity provided most of the participants to review the memorandum on this matter, Messrs. ~~XX~~ Sullivan and Freshman agreed that effective utilization of this data by NATO countries would warrant extensive revisions of style and organization. This they will undertake to do on August 19.

Based on information received by Mr. Freshman subsequent to the meeting and communicated to Treasury, it was agreed that the communication between the Department and other US agencies having operating responsibilities in event of a total economic embargo would be phrased to illicit the earliest possible response, looking to the earliest possible preparation by the US for a total economic embargo.

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