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Taoiseach.
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Misc.
F. 2.

ROINN AN TAOISIGH

Uimhir.....

Plan
for file on
U.S. visit
where
Pres.

OFFICIAL VISIT BY TAOISEACH TO UNITED STATES.

16th MARCH - 23rd MARCH, 1976.

Meeting with President Ford - 17th March.

INVESTMENT

FOOTWEAR:

SPECIALITY
STEEL.

1. The Taoiseach met President Ford in the White House, Washington at 12 noon on 17th March. He was accompanied by Dr. FitzGerald, Minister for Foreign Affairs, Mr. Paul Keating, Secretary, Department of Foreign Affairs, Mr. Molloy, Ambassador to the United States and Mr. Nally, Assistant Secretary, Department of the Taoiseach. The President was accompanied by Mr. Kissinger, Secretary of State, General Scowcroft, Chairman of the National Security Council, and Mr. Walter Curley, American Ambassador to Ireland.
2. The President opened the meeting by thanking the Taoiseach for coming to the United States. He said that he much appreciated the privilege of being able to meet him and referred to the good relations between the two countries.
3. The Taoiseach said that it was an honour to be present in the White House on this day. He thanked the President for receiving them and said that the ties between the two countries were indeed good. It was more than appropriate that the meeting should take place during the Bicentennial Year. He referred briefly to the question of relations between the European Economic Community and the United States and went on to refer to the importance to Ireland of American investment in this country. We were in process of transforming the economy from one based largely on agriculture to one based largely on industry and American help in achieving this transition would be much appreciated. In fact, approximately 12% of the industrial labour force were employed in American firms here. The President inquired as to whether there were any particular types of industry or investment in which we were interested. The Taoiseach that we would appreciate all types of investment. We had two types of board concerned with dollar investment - one largely with exports and the other with the encouragement of new industry.
4. There had been some concern about trade relations between America and Europe. In so far as we were concerned, footwear was a case in point. The issue might not seem large in an American context but 35% of our exports went to the United States and something like one-third of the total employment in the footwear industry was dependent on the maintenance, if not the increase, of these exports. For the United States, the imports represented a small proportion of total imports - perhaps .2%.
5. The President said that footwear was a particular problem with them, particularly in the New England area. Their firms had allowed themselves to get into a position where costs were too high. They had not been able to modernise sufficiently. The net result had been a loss of markets to countries like Ireland, Spain and Italy. He would have to decide on certain issues connected with these imports by about the middle of April. The Secretary of State said that Brazil was also a problem in this context.
6. The President went on to say that a new law had been passed recently which made his problems in areas like this different from what they had been in the past. Under the old legislation he had fairly complete discretion. Under the new arrangements his decision could be turned down by Congress. What had happened in relation to speciality steel would illustrate his problems.

John Dwyer
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Taoiseach
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The International Trade Commission had made certain recommendations here. Whatever decision he made on these recommendations could be approved or disapproved by Congress, by a mere majority. He had to face the practicalities arising from this decision. In the United States, there were small plants involved in this industry all over the country. If he had turned down the recommendation of the Commission, his decision would, quite simply, have been overridden by Congress. He did not want to have his office placed in that position. They would decide each case on the merits. For example, the ITC had recommended quotas for the importation of asparagus. There were certain difficulties with Mexico here. Speciality steel was a problem with the British, with Sweden and with Japan. His basic principle was to ensure that whatever he did would not be upset by Congress.

PROTECTION-
ISM.

7. The Secretary of State said that the new legislation had removed a great deal of, if not all, flexibility from the Executive. The net position was that now the Executive could delay but could not prevent the imposition of quotas or tariffs. The Minister for Foreign Affairs said that this could give rise to a situation like that in the 1930s.

8. The President said that the continuation of the recession had strengthened the heritage of protectionism but that "we" (the Administration) would be "as free trade as we can". Whatever the arrangements, they just would not put themselves in the position where their decisions would be overridden continuously by Congress. The Minister for Foreign Affairs referred to the danger of setting off a trade war. He inquired as to whether there was any strength in the export lobby in the United States - considering the importance of exports to the American economy. The President said that there was but that it was a very ineffective lobby. The strongest part of it was that which concerned agriculture.

BEEF

9. The Taoiseach then raised the question of beef exports to the American market and said that we had a comparatively small quota which we had not reached in recent years. This was because a lot of our meat had been diverted to Europe. We were anxious, however, not to lose our traditional trade with the United States. Last year was a temporary setback in this trade. The significance of our quota in the overall American market was very small. We were not able to predict the size of the exports to America in the current year but we were anxious to ensure the preservation of our position in the American market. The President said that, again, his position was governed by legislation. There was also a question of subsidy being paid by certain countries on exports of beef, which could result in the United States imposing a countervailing duty to balance the subsidies. The Secretary of State said that basically there were two points -

- (1) there was first of all the question of a quota for beef imports. He was not sure as to the precise position on this this year but his impression was that we had not filled our quota;
- (2) the second point concerned duties to counter the subsidy which the EEC were paying on beef exports. America had held off certain actions which they would normally have taken by now, in the case of Irish beef.

Anthony Lawrence

Taoiseach
Jan 16

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TAX
LEGISLATION

10. The Minister for Foreign Affairs said that the position was that we were in danger of getting a much lower quota than last year, say, 3,500 tons, in comparison with 30,000 tons last year. The quota problem was a bilateral one between America and Ireland. The question of countervailing duties was one with which the European Economic Community, as such, was primarily concerned. He adverted to the special position of this country because of the freedom of the cattle population from certain diseases. Certain exports from Ireland had been stopped because of this possibility of a countervailing duty but there was a certain proportion of these on the sea. He stressed again that the only bilateral question with which Ireland and America was concerned was that of the quota. The Secretary of State said that they would certainly look into the question.

11. The Taoiseach then raised the question of the possibility of American legislation neutralising the tax concessions with which we had been able to attract American industry to Ireland. He said that so far as American firms were concerned, locating in Ireland was of great advantage to America because a firm, by doing so, could gain access to the European market, which it might not otherwise obtain; and also on exports from this country there was a form of tax holiday which was most beneficial to American companies. He said that he would like to stress that American firms locating in Ireland did not, on experience, affect employment in America. There was a study which seemed to show, with reasonable certainty, that the firms which established factories in Ireland were the firms which best maintained or improved employment in their American plants.

12. The President said that Mr. Simon, Secretary of the Treasury, would fight any change in "that legislation".

13. The Minister for Foreign Affairs referred to the discussions and negotiations which had gone on with the Treasury and to the question of whether we could get a letter conveying the administration's views on the question. He said that there had, apparently, been some difficulty because the feeling had developed that such a letter would go behind the back of Congress. The President said that there was no objection to such a letter. He would discuss it with the Secretary of State. (A copy of the letter which, in fact, issued, is attached, as an appendix to this note.)

TOURISM -
STUDENTS

14. The Taoiseach then raised the question of tourism and the quota for students coming on holiday work to the United States. He described the consequences of a severe reduction in the quota for Ireland. The Secretary of State said that they would look into the question sympathetically. The American Ambassador indicated that it was, in fact, a two-way trek. American students also came to Ireland for work and experience.

AIR
COMPANIES

15. The Taoiseach then went on to refer to the position of the air companies. He said that there were difficulties because of the intensity of competition on certain routes and because of non-scheduled flights. We needed to be careful that airlines did not bankrupt each other. He then asked the President for his views on the world situation as it was now developing. The President said that he would like to deal with the question under a number of heads. The first of these was the American domestic economy. They had the feeling now that America was coming out of the recession. Employment was up substantially but unemployment had not gone down as

WORLD
SITUATION

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much as they would have liked because there were about 2 million younger people now coming on the labour market. They said that a figure of 4/5% unemployment would be regarded as acceptable in America, as an objective ~~for~~ ^{of} a full employment policy but the figure at present was considerably higher than this.

16. Inflation was down quite considerably in comparison with a year or two ago. It now seemed to be running at $5\frac{1}{2}$ -6% a year. This was half the level of two years' ago. Every indication was that this lowering in the rate of inflation was continuing. The wholesale price index was down and the indicators from the Consumer Price Index was also good. He found that consumer confidence in the economy was very very high. Most people seemed to believe that we were now moving ahead again.
17. In the world generally, he had the impression that the signs from West Germany and France were encouraging. Japan was also coming out of recession but, perhaps, more slowly than other countries. In Britain, strong measures had been taken but the headway they were making was slow. In summary, the Western democracy had gone through a tough time but the skies now seemed to be brightening.
18. On political issues, he said that they did not intend to use the word "detente" in speaking of relations with Russia but this did not mean that they did not wish to reaffirm the process. They were concerned with the substance of what they were trying to do. Some headway was being made in the discussions on SALT II. They would most vigorously oppose Russian and Cuban interference in Africa, particularly Angola. There were now 12,000 Cubans in Africa who were well equipped and trained. This was a most serious problem. They had had some difficulties with Congress, these might be accentuated in an election year but he was optimistic on the outlook generally.
19. They wished a cap on "as low as possible" ^{a level} ~~of~~ nuclear capability.
20. In relation to the Middle East, Israel and Egypt had cooperated as they had agreed. What they had set out to do was being done. The important thing was to keep the momentum going. They were trying to get the countries meeting again in Geneva.
21. Relations with Japan were excellent. The President also referred to relations with China.
22. On the European Economic Community, the relations were in good shape. Admittedly, there were differences but these were of detail. Militarily, Europe seemed to be in reasonably good shape. Their weapon capability and programmes for improvement were satisfactory. NATO was strong and they intended to keep it that way.
23. The President mentioned the pullback from Vietnam. He said that two years ago Congress was isolationist but was a great deal less so now. He said that the Administration would almost certainly get what they sought for the defence budget. The Secretary of State said, on this point, "very definitely yes".