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Following summary cleared, FYI, and NOFORN:

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ИЗДАТЕЛЬСТВО «НАУКА»

Three top Firestone executives including Chairman Raymond Firestone, President Hathaway and Secretary and General Counsel Floberg met at their request with Under Secretary Mann April 16. Firestone representatives made following points:

1. Firestone company fully supports official US policy regarding trade with Communist countries and consistent therewith had entered into negotiations for sale of rubber plants to Rumania.
2. Since January when these negotiations moved to US, Firestone has been attacked through thousands letters, press articles and picketing of certain retail outlets for contemplating sale to Rumania. Protests urge consumer boycott of Firestone products.
3. Attacks have shown evidence of being coordinated protest campaign with principal source coordination deriving from group calling selves "Young Americans for Freedom." Some American Legion support also evident. emanating from have Statements opposing sale/by Firestone's largest US competitor/have greatly increased effectiveness of campaign. Firestone had expected protests even

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Clearances:

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By xc, NARA, Date 1-4-01

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before opening negotiations, but had thought protests would taper off after month or so. However campaign has tended grow and now showing evidence including not only "crackpots" and "bobbysox" youth but evidently educated persons. Company agreed with comment that emotionalism generated by Viet-Nam conflict important factor in sustaining campaign. Stressed that if its main competitor had not supported movement, Firestone could have probably weathered storm. (Firestone representatives did not name competitor involved but cited Goodyear house organ as source wording contained in many protest statements.)

4. Firestone has now concluded cannot risk commercial loss to competition in US consumer market which campaign likely cause if company proceeds to conclude contract with Rumanians. Firestone therefore plans terminate negotiations. As means attempt strengthen its position versus protest groups and regain ground lost in consumer opinion, Firestone desires show it took initiative break off negotiations by issuing press release stating it terminating negotiations.

Under Secretary said he had discussed matter with Secretary before meeting. Were two aspects to problem. First, matter of commercial interests of Firestone which for Firestone to decide. Second, international relations aspect, in connection with which Department sees no reason in terms US national interest why Firestone should hesitate to conclude contract. Clear from conversation that is aspect of Firestone's commercial interests which involved. State would desire breakdown of negotiations to be attributable to commercial factors rather than any official USG political attitude.

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After discussing alternative methods handle termination negotiations, it was generally agreed as follows:

1. Firestone would tell Rumanian Ambassador promptly that company had decided terminate negotiations rather than waiting for Rumanian delegation to return to US from Bucharest. (Firestone representatives knew Rumdel had been recalled for consultations as reported Embtel 1080.)

2. Re reasons for termination, Firestone would tell Ambassador company had decided contract would not be in company's commercial interests for two reasons. First, technical difficulties which had arisen in course negotiations, indicated Firestone could not achieve satisfactory contract. Second, public campaign against sale to Rumania constituted such threat to Firestone US market that company's overall commercial position would be seriously harmed if Firestone went through with transaction under existing circumstances.

3. Firestone would tell Rumanian Ambassador that Firestone had discussed matter with Department, that Department had expressed no objections to sale on US foreign policy grounds, and that Firestone assumed USG would be disappointed by failure to conclude contract.

Re point that public acceptance of transaction might be greater in relatively near future as result President's interest in relations with Eastern European countries, particularly as manifested in his appointment special committee to study East-West trade (Miller Committee), Firestone representatives said they would be willing consider resuming negotiations if and when climate had changed.

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