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WITHDRAWAL SHEET

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| DOCUMENT NO. AND TYPE | SUBJECT/TITLE | DATE | RESTRICTION |
|--|--|---------|-------------|
| 1. cable | from Sec of State to all OECD capitals re: us-Soviet Joint Commercial Commission (5pp) | 4/23/88 | P-1 |
| 2. memo | from John Negroponte to Danzansky re: proposed PRG on US-Soviet economic relations (1p) | 4/21/88 | P-1 |
| 3. memo | from Paul Schott Stevens to Donald Gregg, James Frierson, Melvin Levitsky et al re: PRG meeting on US-Soviet economic relations (1p) | n.d. | P-1 |
| 4. agenda | Policy Review Group meeting Monday, 4/25/88 (1p) | 4/25/88 | P-1 |
| 5. cable (vax) | from Am Embassy to Sec of State re: Under-Secretary Wallis meeting with Soviet trade official Vn Ivanov (7pp) | 4/20/88 | P-1 |
| 6. cable (vax) | from Am. Embassy Moscow to Sec. of State re: Under-Secretary Wallis' meeting with GOSPLAN official (6pp) | 4/20/88 | P-1 |
| 7. memo | from S. Danzansky to Colin Powell re: report by Secretary Verity on Moscow trip (4pp) | 4/18/88 | P-1 |
| COLLECTION: DANZANSKY, STEPHEN I.: Files | | | db |
| FILE FOLDER: Soviet Union (JCC) [1 of 7] ¹³ Box 91819 RAC Box 12 | | | 11/16/94 |

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

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- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
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RECEIVED: 20 APR 88 18

TO: POWELL

FROM: VERITY, W

DOC DATE: 19 APR 88
SOURCE REF:

KEYWORDS: USSR ECONOMICS
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SUBJECT: TRIP RPT TO SOVIET UNION RE COMMERCIAL TRADE

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THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

APR 19 1988

MEMORANDUM FOR: LTG COLIN L. POWELL
ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY AFFAIRS

SUBJECT: Trip Report to Soviet Union, April 10-14, 1988

Attachments enclosed as follows:

1. A Fact Sheet prepared by the Department of Commerce of what occurred as a result of Joint Commercial Commission meetings.
2. A report from me for my meeting with President Reagan.
3. A list of the American Delegation.
4. My schedule in the Soviet Union.



C. William Verity

FACT SHEET:

RESULTS OF
THE JOINT U.S. - USSR COMMERCIAL COMMISSION MEETINGS,
APRIL 12-14, 1988

U.S. Secretary of Commerce C. William Verity and Soviet Foreign Economic Relations First Deputy Minister Kachanov have concluded three days of meetings of the Joint U.S.-USSR Commercial Commission. This was the 10th meeting of the Commission, which was formed in 1972.

The Commission met this year at the specific instruction of President Reagan and General Secretary Gorbachev, who in their joint statement at the conclusion of the December 1987 Summit, directed Secretary Verity and his Soviet counterpart to convene the Commission to propose concrete measures to expand mutually beneficial trade and economic relations between the two countries.

The two major objectives of the U.S. delegation were: (1) to reiterate that fundamental improvements in the trade relationship depend upon further improvements elsewhere in the bilateral relationship -- particularly in human rights and emigration; and (2) to seek market access gains for U.S. companies in the Soviet Union. Both goals were achieved.

The U.S. delegation reaffirmed the support of the Administration for the expansion of mutually beneficial non-strategic trade and economic relations. Secretary Verity explained the U.S. willingness to make step-by-step progress in trade and economic relations within the guidelines of present U.S. policy, noting U.S. interest in pragmatic and concrete proposals to increase trade. The U.S. share of Western trade with the USSR is small. In 1986, for example, the U.S. share of OECD trade with the Soviet Union was only 4.5 percent -- and the vast bulk of this was U.S. grain.

Secretary Verity also stressed that fundamental changes in U.S. trade policy toward the Soviet Union were related to the quality of the overall relationship between the two countries. He noted that major trade gains were possible depending on major improvements in other aspects of the bilateral relationship. He particularly pointed to the U.S. interest in human rights and emigration. He noted that present emigration levels are notably higher than in the last few years, but are still below the average for the 1970's.

MARKET ACCESS IMPROVEMENTS

The U.S. delegation's principal goals with respect to marketing were to obtain improved market access and greater transparency of marketing information in the Soviet Union. This is particularly important as trade decision-making authority in the USSR is decentralized to around 100 different Soviet ministries and enterprises.

The U.S. delegation sought specific, concrete steps which would improve the ability of U.S. companies to sell non-military, non-strategic goods and services in the USSR. A number of agreements were reached in the Joint Commercial Commission that will improve the prospects for bilateral trade and investment. In particular, the steps that the Soviets have agreed to take should improve the conditions for doing business in the USSR and should shorten the time that has been required to negotiate business.

In the area of market access and trade facilitation, agreements were reached on the following:

- o A new U.S. marketing and advertising program will be set up through the U.S. Commercial Office in Moscow, which will publish a Commercial Newsletter and, in cooperation with the USSR Chamber of Commerce and Industry, will distribute it to thousands of Soviet trade organizations and officials. This newsletter will substantially improve the ability of U.S. companies to advertise their products and services to interested Soviet buyers.
- o A program of cooperation will be initiated to boost business in selected non-strategic areas with high potential, with bilateral working groups being formed in medical equipment, construction equipment, oil and gas equipment, and equipment for the consumer goods industries.
- o The Soviets agreed to take steps enabling Soviet business and trade personnel to have open access to the U.S. Commercial Office in Moscow. This will provide potential Soviet buyers with access to marketing information on thousands of U.S. companies and products.
- o The U.S. will start a trade missions program in the USSR, and the Soviets agreed to provide appropriate assistance.

- o The Soviets agreed to accelerate efforts to improve working conditions for U.S. firms with offices in the Soviet Union. They announced simplified Soviet visa procedures, including multiple entry visas, for foreign business visitors, including U.S. business visitors.
- o The Soviets agreed to work on reducing business negotiating times and complications.
- o The U.S. Department of Commerce will set up a "Joint Venture Information Center" to provide guidance to U.S. companies in order to facilitate compliance with U.S. technology transfer regulations in a joint venture.
- o Both sides will establish a joint US-USSR legal seminar series on business law to help government and private lawyers better handle the practical legal aspects of bilateral business, including investment.

Finally, two special documents were issued by Secretary Verity and First Deputy Minister Kachanov at the conclusion of the Joint Commission meeting:

- o A protocol noting that the terms of the 1972 U.S. - USSR Long-Term Economic Industrial and Technical Cooperation Agreement apply to joint ventures and other new forms of business organization now permitted by the USSR; and
- o A "Joint Statement" listing the accomplishments of the Commission and stipulating the desire of both sides to increase bilateral trade and economic cooperation. This document will be publicized to Soviet enterprises and to the U.S. business community.

These steps, taken together, represent a forward step to improve the prospects for the expansion of trade between the United States and the Soviet Union. U.S. exports to the USSR last year were only \$1.5 billion -- and only \$600 million of this was in manufactured goods. Secretary Verity stated that he does not expect a dramatic increase in these numbers as a result of what was agreed in the JCC, but that the agreements will contribute to the trade relationship and lead to a gradual increase in two-way trade.

ADDITIONAL OFFICIAL MEETINGS

Secretary Verity, accompanied by Ambassador Matlock and other senior members of the U.S. delegation, had official meetings with General Secretary Gorbachev, Premier Ryzhkov, Foreign Economic Commission Chairman Kamentsev, First Deputy Minister for Foreign Economic Relations Kachanov, GOSAGROPROM Chairman Murakhovsky, and Central Committee Secretary Dobrynin.

NON-STRATEGIC TRADE ONLY

- Secretary Verity stressed both in the Commission and in his talks that the United States is interested only in non-strategic trade. The U.S. delegation did not discuss any changes in technology transfer controls. The matter did not even come up. Secretary Verity has emphasized that our technology transfer controls are for the purpose of ensuring Western security, and not for the purpose of restricting trade.

The United States does not view technology transfer controls as an obstacle to peaceful, non-strategic trade. The United States believes that there are ample areas for increasing trade which are not affected by national security export controls, including many areas in consumer goods industries, oil and gas equipment, medical equipment, and construction equipment.

RELATIONSHIP TO U.S. OVERALL GOALS

Secretary Verity and the U.S. delegation repeatedly stated that U.S. trade relations are a part of the overall bilateral relationship and that fundamental improvements in the conditions for trade cannot take place without parallel improvements in other parts of the relationship, especially in the human rights area. The U.S. interest in emigration was particularly stressed. The delegation took note of the increased emigration last year, and stated its hope that further gains would follow.

CONTRACTS AND JOINT VENTURES

A number of U.S. companies signed contracts with Soviet enterprises this week. Some of these were for joint ventures in the Soviet Union. Combustion Engineering signed the first U.S. joint venture last December, and this week Honeywell signed a joint venture. Additionally, a group of U.S. companies formed the "American Trade Consortium" under which they will seek commercially viable business opportunities in civilian areas.

In the December 1987 Summit statement, President Reagan and General Secretary Gorbachev agreed that commercially viable joint ventures could play a role in the further development of bilateral economic relations. The U.S. government supports American companies in their efforts to conclude commercially viable business in non-strategic areas. The U.S. Government, however, does not endorse, and has not endorsed any particular business venture -- including those signed this week. The position of the U.S. Government is that this is a matter for private companies to decide.

The U.S. Government's position is policy-neutral toward joint ventures in principle, stating that the choice of business organization is a commercial matter. The U.S. Government, of course, reviews all requests for export licenses for technical data, including those for joint ventures. Each license application is carefully reviewed to ensure that U.S. national security is not affected.

USTEC MEETINGS

The U.S.-USSR Trade and Economic Council has been meeting in Moscow this week, holding its 11th annual meeting. USTEC is an organization of U.S. companies and Soviet enterprises interested in bilateral trade. These meetings are totally separate from the government-to-government Joint Commission meetings. They are held concurrently so that the USTEC meetings may be addressed by the Secretary of Commerce and the Soviet Foreign Economic Relations Minister. Secretary Verity addressed the opening session of the USTEC meeting on Wednesday, April 13.

COMMERCIAL WHALING

While in Moscow, Secretary Verity took note of the fact that the Department of Commerce has received assurances from the Soviet Ambassador to the United States that the Soviet Union has ceased commercial whaling and intends to work through the International Whaling Commission (the "IWC") for whale research and conservation. The cessation of commercial whaling by major whaling nations has been a major objective of global environmental groups and the IWC.

Secretary Verity welcomed the Soviet decision and stated his hope that it sets a pattern for similar decisions on the part of other whaling nations to work within the IWC for the purposes of research and conservation. Secretary Verity expressed his confidence that, as a result, the United States and the Soviet Union will quickly be able to expand fisheries cooperation provided for in a new fishing agreement that was signed on February 21. Doing so will benefit both sides.

C. WILLIAM VERITY REPORT TO THE PRESIDENT AND CABINET

Joint Commercial Commission meeting resulted from the communique issued at the December Summit Meeting. We were asked to proposed concrete measures to expand mutually beneficial trade and economic relations between the two countries.

I had the benefit of some splendid advise and counsel for our meeting. Over a period of several months the Interagency Group worked on a joint statement and a revised protocol. I met with two national Jewish groups. I had a luncheon with Assistant Secretary Shifter, the Department of State's expert on emigration. I talked with President Nixon to get any pearls of wisdom from him.

We met in Moscow April 12-14. The American delegation included representatives from State, Treasury, Agriculture, Commerce, National Security Council and USTR. I was particularly happy that Under Secretary of State Wallis was present -- as well as Bob Dean and Steve Danzansky of the National Security Council and Paul Freedenberg and Bill Evans from Commerce.

Each of you has a fact sheet in your folder as to what was accomplished during the meetings. So I will hit only on the high points. We did what we set out to do, to establish a basis for expanded trade, making progress step-by-step. No breakthroughs were expected -- and none occurred.

During our meetings there was far more dialogue than ever before. The Soviets readily admitted shortcomings in their system -- and frankly discussed the problems in Perestroika.

We met at the same time of the annual meeting of the U.S.-U.S.S.R. Trade and Economic Council, which is chaired by Dwayne Andreas. Because many things were said and quotes by these American businessmen (there were 500 there), we took great pains in our final press conference to make clear that there were two separate meetings.

We reiterated our position:

1. That trade can only expand as we make progress in arms control, regional conflicts, human rights and emigration.

2. That the trade we are discussing is non-strategic, and that there was no discussion of any relaxation of export controls.

3. That GATT establish rules for trade between market economics and that neither the U.S. nor other GATT members favored inclusion of the Soviet Union until their market functions in accord with basic market principles.

4. U.S. firms should hold no illusions. Doing business in the Soviet Union will continue to be laborious and time-consuming. Even in the area of joint ventures, U.S. business successes will come very slowly.

5. Joint ventures with the Soviet Union hold no special status within the USG and must adhere to the same export licensing regulations as any U.S. export.

6. The working groups provide the mechanism to allow the United States to scrutinize more closely the successes and failures of Perestroika and to assist U.S. businesses where appropriate.

Early in the trip, we had 2½ hour-visit with Prime Minister Ryzhkov, after giving us a history of the development of the Soviet economy under him, and why it was easier for the Soviets to deal with Germany and France. He spelled out six points.

1. A new basic agreement on trade.
2. GATT.
3. Joint ventures.
4. Two new oil fields in Western Siberia.
5. Buy more than they sell - M.F.N.
6. Space -- specialists talk.

I replied to each. I gave him the answer on GATT that I just mentioned. I agreed that our specialists on the environment, space etc. should compare programs and concerns, etc.

Because he made such a point of M.F.N., I told him that I thought he should go on the offensive. To gain M.F.N., there had to be a sustained increase in emigration. That Jackson-Vanik is on the books, and won't be repealed, that the only way that M.F.N. can happen is for the U.S. to perceive that the Soviets have changed their policy on emigration and that it is sufficient to justify a Presidential waiver.

I explained that we are a Nation of immigrants, so this issue is not just the Jewish groups -- but all Americans share this concern. I asked him to consider going on the offense and to declare, at an appropriate time that Glasnost means openness -- and that Glasnost applies to emigration also -- openness -- no quotas.

No family permission required, and those persons who once served in sensitive positions, would be free to emigrate after a period of 5 years have lapsed -- from the time they left such jobs.

He said we have lifted restrictions.

I replied that there was still a perception that there were too many controls on emigration of Refuseniks.

As a matter of interest several members of our delegation met with a group of Refuseniks and heard them out. We conveyed to them the sincere interest of the President in matters of human rights and emigration -- and it is most interesting that they said they were very much aware of the interest of the President and Secretary Shultz -- and this Administration.

In our meeting Central Committee Secretary Dobrynin said that last week in a meeting of the Politburo, the problem of Gorbachev's control was discussed (the recent flap in the newspaper). He said the vote was unanimous for Gorbachev -- that everyone is solidly behind him -- and that they will make Perestroika work.

At the banquet in the Kremlin on Wednesday night, Gorbachev gave a wide-ranging speech, endorsing Joint Ventures, discussing the members with countries other than the U.S.A. -- then naming some U.S. companies.

He discussed the improvement in the economy that he expected in the next five-year plan. That Perestroika is in its third year and that the Soviet people are solidly behind this struggle to improve their society through socialism. He announced the signing in Geneva of the agreement on Afghanistan -- and to now tackle reduction in conventional arms.

He talked about the improving relationship with the U.S. and how important this is -- in an interdependent world.

He expressed concern over the economies in the West, great indebtedness, turmoil in money markets, meeting of sevens and nines.

Wants to participate in discussions of the "real modern world market" which should include more countries than just U.S.A., Europe and Japan and those countries directly involved with them.

Ended by wishing success for our meetings, and asking us to remain mindful of the overall goal of peaceful relations between the U.S. and the U.S.S.R.

After his remarks, and my reply, I gave the General Secretary the letter from President Reagan. He read it. Several minutes later, he asked me to join him in an anteroom to the banquet hall.

We had about a fifteen-minute conversation -- the two of us.

I congratulated him on his speech.

I told him the meetings were going well -- good progress.

He wanted to talk about the need for us to do more together -- in space, oceans, environment, science -- and also in solving problems in the Middle East.

He asked about the possibilities of increased trade. I told him that M.F.N. was most important if trade were to expand because Soviet products coming into the U.S. have too high a tariff.

I told him that I thought this was the time for him to go on the offense and to make it clear to the U.S. that Perestroika means that the U.S.S.R. will focus its resources on strengthening its internal economy -- rather than in areas outside the U.S.S.R.

And that Glasnost means openness and all things, including emigration -- that is for open emigration -- no quotas, no family permission, those who held confidential jobs, free to emigrate after five years.

He said we shouldn't lecture each other.

I said that was not my purpose. That I was trying to explain how trade could be expanded. That I truly believed that if we would state the above that it would have a larger effect on U.S. opinion.

And if it were received favorably, and if emigration figures would continue to improve, then it would be possible for the President to waive Jackson-Vanik.

He asked if Jackson and Vanik weren't both dead.

I told him that Vanik still lived -- that Jackson-Vanik would not be repealed -- and the waiver was the appropriate route -- but that I doubted if there was enough time in the administration for the President to justify a waiver.

During the dinner I asked Ryzhkov and Gorbachev, who created Perestroika -- and when?

Ryzhkov responded that the two of them had started thinking about it -- and writing about it -- six years ago. They have 123 files on the subject. Did much before they came in office -- and that in the past three years, it's been their number one priority.

On our last day, Minister Kachonov and I planted a sugar maple tree that we took to Russia on the charter plane. In my toast to Gorbachev the night before, I mentioned the tree planting as symbolic of our desire for trade to grow -- as this tree would grow. We needed to establish firm roots and then for it to grow, it would require a climate favorable to growth -- to feed and nourish it. Gorbachev had joked about the poor soil in Moscow. I quipped back that we had brought plenty of fertilizer.

| | |
|---------------------|--|
| Jack Matlock | United States Ambassador to the Soviet Union |
| C. William Verity | Secretary of Commerce, Head of Delegation and Co-chairman of the JCC |
| W. Allen Wallis | Under Secretary of State for Economic Affairs |
| William Evans | Under Secretary of Commerce for Oceans and Atmosphere |
| Paul Freedenberg | Under Secretary of Commerce for Export Administration |
| Gerald J. McKiernan | Chief of State to the Secretary of Commerce |
| Edwin L. Dale, Jr. | Counselor to the Secretary of Commerce |
| James Murphy | Assistant U.S. Trade Representative for Europe |
| Stephen Danzansky | Special Assistant to the President and Senior Director for International Economic Affairs, National Security Council |
| Robert Dean | Special Assistant to the President and Senior Director for International Programs and Technology Affairs |
| James P. Moore, Jr. | Acting Assistant Secretary of Commerce for International Economic Policy |
| Franklin J. Vargo | Deputy Assistant Secretary of Commerce for Europe and Executive Secretary of the JCC |
| Ann Veneman | Associate Administrator of the Foreign Agricultural Service, Dept. of Agriculture |
| Jerry Newman | Director, Office of East-West Economic Policy, Department of Treasury |
| Susanne S. Lotarski | Director, Office of Eastern European and Soviet Affairs, Department of Commerce |
| William Huth | Agricultural Counselor, U.S. Embassy - Moscow |
| Michael Mears | Commercial Counselor, U.S. Embassy - Moscow |
| Robert Clarke | Deputy Director, Office of Soviet Affairs, Department of State |
| Charles Ries | Special Assistant to the Under Secretary of State for Economic Affairs |
| Patrick J. Nichols | Deputy Director, Office of East-West Trade Department of State |
| Richard Jones | Director, Developed Country Trade Division, Department of State |
| John F. Brougher | Director, USSR Division, Department of Commerce |
| Mary Ann Peters | Acting Economic Counselor, U.S. Embassy - Moscow |
| Jean O'Brien | Senior Policy Analyst, U.S. Trade and Tourism Administration, Department of Commerce |
| Stephen Kaplan | Political Officer, Department of State |
| Dimitry Zarechnak | Interpreter, Department of State |

Experts

✓ John Cushman Economic Officer, Department of State

Observers

✓ Richard Gilbert Press Attache, U.S. Embassy - Moscow
 Ross Wilson Economic Officer, U.S. Embassy - Moscow
 Howard Clark Economic Officer, U.S. Embassy - Moscow
 Allan Mustard Agricultural Officer, U.S. Embassy - Moscow
 ✓ Chris Genis Economic Officer, U.S. Embassy - Moscow
 ✓ Marie Strickler Secretary, Department of Commerce
 ✓ Maria Aronson International Trade Specialist
 Department of Commerce

Spouses/Family

Margaret Wymond Verity
 Linda Lehrman McKiernan
 Meredith Morgan Dale
 Joan Cox Danzansky
 Regina Kelly Vargo
 Patricia Mears
 William Verity Powers

R

MOSCOW SCHEDULE FOR SECRETARY VERITY

APRIL 11-14, 1988

Monday, April 11

- 2:00pm SECRETARY VERITY and delegation arrive Moscow. SECRETARY and delegation proceed to official welcoming area. Met by 1st Dep. Min. Kachanov, Soviet officials, and U.S. Embassy officials.
- 2:30pm SECRETARY VERITY makes 2-3 minutes of remarks to Soviet and Western press. Photo opportunity. No interviews or questions.
- 2:40pm SECRETARY VERITY and party depart for Kremlin.
- 3:15pm SECRETARY VERITY and party meet with Chairman of Foreign Economic Commission Kamentsev in Kremlin for brief meeting prior to Ryzhkov meeting.
- 4:00pm SECRETARY VERITY and party meet with Chairman of Council of Ministers Ryzhkov.
- 5:00pm SECRETARY VERITY and party meet with Chairman of Foreign Economic Commission Kamentsev.
- 6:00pm SECRETARY VERITY and party depart for Spaso House.
- 6:15pm SECRETARY VERITY and party arrive at Spaso House.
- 6:30pm Dinner at Spaso House SECRETARY VERITY, Spaso guests, AS Moore, DAS Vargo, SCO Mears.
- 8:00pm Dinner ends. Rest of evening free. Car is available for SECRETARY VERITY.

(Schedule accurate as of 4-11-88 10:00am)

Tuesday, April 12

7:30am Breakfast at Spaso House for SECRETARY VERITY

8:40am SECRETARY VERITY and party depart Spaso House.

9:00am SECRETARY VERITY and party meet with Kachanov, 1st Deputy Minister of Foreign Economic Relations (at Mezh-WTC, 2nd floor, Rm. 2376)

10:00am SECRETARY VERITY and 1st Dep. Min Kachanov proceed to Mezh-WTC Room 1603 for photo session with press (Mezh-WTC Rm. 1603 -- 16th floor).

10:10am SECRETARY VERITY and 1st Dep. Min Kachanov open JCC plenary session (Mezh-WTC Rm. 1603 -- 16th floor).

12:15pm JCC Plenary session ends. SECRETARY VERITY and delegation depart for luncheon.

12:30pm 1st Dep. Min. Kachanov hosts luncheon for SECRETARY VERITY and JCC delegation (at Mezh Hotel - Continental Room). SECRETARY VERITY returns toast.

2:00pm SECRETARY VERITY departs for his room at Mezh Hotel.

2:45pm SECRETARY VERITY and party depart Mezh Hotel.

3:00pm (TENTATIVE) SECRETARY VERITY and party meet with Dobrynin. (Mr. Powers meets with Dobrynin after main meeting.)

4:00pm SECRETARY VERITY and party meet with Chamber of Commerce Chairman Malkevich.

4:45pm Meeting with Malkevich ends. SECRETARY VERITY departs for Spaso House.

5:00pm SECRETARY VERITY arrives at Spaso House.

5:20pm SECRETARY VERITY and Mrs. Verity leave Spaso House for the USSR Chamber of Commerce Reception at the Mezh - Congress Hall.

6:30pm SECRETARY VERITY and Mrs. Verity depart for Bolshoi Theater.

7:00pm SECRETARY VERITY, Mrs. Verity, Amb. and Mrs. Matlock, U/S' Evans, Freedenberg, and Wallis attend performance of Cyrano de Bergerac ballet at Bolshoi Theater, hosted by Soviets. (Entrance 16)

10:00pm Ballet ends. SECRETARY VERITY and Mrs. Verity depart Bolshoi ballet for Spaso House or Mezh Hotel.

Wednesday, April 13

- 7:30am Breakfast at Spaso House for SECRETARY VERITY
- 9:15am SECRETARY VERITY and party depart Spaso House.
- 9:30am SECRETARY VERITY attends USTEC Plenary Session (Mezh-ITC Congress Hall). Meeting is convened by V.L. Malkevich, USSR co-chairman of USTEC.
- 9:40am Soviet Foreign Economic Commission Chairman V.M. Kamentsev delivers Soviet government remarks.
- 10:00am SECRETARY VERITY delivers remarks (15 min.)
- 10:20am USTEC co-chairmen deliver remarks.
- 11:15am USTEC election of New Council Directors. SECRETARY VERITY may depart at this point if he desires.
- (Rest of USTEC plenary consists of a perestroika report by the Dep. Chmn. of GOSPLAN, an address by Illinois Governor Thompson, and concluding remarks by Chmn. Malkevich.)
- 12:45pm SECRETARY VERITY and party depart for Spaso House. (Unless the Secretary has departed earlier.)
- 1:00pm Luncheon for SECRETARY VERITY at Spaso House.
- 2:00pm JCC Briefing for SECRETARY VERITY and Senior members of U.S. delegation at Spaso House to approve JCC documents and any unresolved questions.
- 3:45pm SECRETARY VERITY and party depart Spaso House.
- 4:00pm SECRETARY VERITY and party meet with GOSAGROPROM Chairman Murakhovsky.
- 5:00pm SECRETARY VERITY and party depart for Spaso House.
- 5:15pm SECRETARY VERITY and party arrive Spaso House
- 6:10pm SECRETARY VERITY and party depart for Kremlin
- 6:30pm SECRETARY VERITY and party meet with General Secretary Gorbachev.
- 7:00pm SECRETARY VERITY, Mr. Verity attend Dinner at Kremlin for U.S. delegation and USTEC, hosted by General Secretary Gorbachev. SECRETARY VERITY will return Soviet toast, make U.S. remarks (10 min.)
- 9:00pm SECRETARY VERITY and party depart. Rest of evening free. Car available for SECRETARY VERITY.

Thursday, April 14

- 8:00am Breakfast for SECRETARY VERITY at Spaso House.
- 9:10am SECRETARY VERITY and party depart Spaso House.
- 9:30am SECRETARY VERITY co-chairs closing JCC Session with 1st Dep. Min. Kachanov (Mezh-ITC, Rm. 1603)
- 10:15am SECRETARY VERITY and 1st Dep. Min. Kachanov move to adjacent room while Rm. 1603 is rearranged for signing of documents.
- 10:20am SECRETARY VERITY and 1st Dep. Min. Kachanov return to Rm. 1603 to sign JCC documents. Soviet and Western press present for photo opportunity.
- 10:35am SECRETARY VERITY and party proceed to adjacent room while Rm. 1603 is prepared for U.S. press conference.
- 10:45am SECRETARY VERITY conducts press conference for Western and Soviet press.
- 11:30am Press conference ends. SECRETARY VERITY and party depart Mezh-ITC.
- 12:00pm SECRETARY VERITY arrives at National Restaurant (National Hotel) to host luncheon for both JCC delegations. SECRETARY delivers a toast.
- 1:30pm Luncheon ends. Free time. (SECRETARY VERITY may, if he wishes, join US delegation bus tour of Moscow hosted by Soviets from 1:45pm to 4:30pm.)
- 4:30pm Tree planting ceremony. SECRETARY VERITY makes remarks (5 min.) along with 1st Dep. Min. Kachanov.
- 5:00pm SECRETARY VERITY departs for Spaso House.
- 5:45pm SECRETARY VERITY arrives at Spaso House.
- 6:30pm SECRETARY VERITY attends reception hosted by Ambassador Matlock for JCC delegations and USTEC members.
- 8:00pm SECRETARY VERITY departs Spaso House for Sheremetevo Airport.
- 9:30pm SECRETARY VERITY and U.S. delegation depart on PANAM charter flight.

JCL (1 of 7)
Danzansky

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WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

BASIC PRINCIPLES AND GUIDELINES
OF FURTHER DEVELOPMENT OF TRADE AND ECONOMIC RELATIONS
BETWEEN THE UNION OF SOVIET SOCIALIST REPUBLICS
AND THE UNITED STATES OF AMERICA

The Union of Soviet Socialist Republics and the United States of America,

guided by the provisions of the Basic Principles of Mutual Relations between the USSR and the USA of May 29, 1972, and the Communique regarding Joint USSR-US Commercial Commission,

proceeding from the existence of prospects for the development of bilateral trade and economic relations,

recognizing the importance of maintenance and development of mutually beneficial business relations between the USSR and the USA for strengthening the atmosphere of mutual understanding and cooperation between the two countries,

desiring to further develop, encourage and expand bilateral trade and economic relations on a stable, long-term and non-discriminatory basis,

have agreed as follows:

1. The USSR and the USA will endeavor to ensure in trade and economic relations between them:

Reliability, which is understood as good faith performance by the Sides of international obligations, observance of generally recognized norms of international law, purposes and principles of the Charter of the UNO.

Predictability, which is understood as creation of possibilities to timely take account in national economic policy of either country of trends and prospects for the development of the other country.

Equality, which is understood as the need to take account of legitimate interests of the partner and ensure the mutually beneficial nature of trade and economic relations.

Readiness for equal partnership and joining of efforts in the solution of both global and interstate economic problems.

2. The Sides will work, within the framework of their respective legislation, on improving the legal base of trade and economic relations between the USSR and the USA, on the reduction and subsequent elimination of all kinds of obstacles in the way of development of trade, and will also refrain from introducing new obstacles in this field. (See. Final Act of 1.8.75, p. 34; Vienna meeting within the framework of Helsinki CSCE, 6.10.87; basket 2, p. 2)

3. Endeavoring to promote the stable growth of volumes and the expansion of the range of mutual trade the Sides will, within the framework of relevant laws and regulations in force in both countries, facilitate the search by interested enterprises, organizations and firms of both countries for possibilities to expand mutual trade relations, including trade in machinery, equipment, technology, raw materials and consumer goods.

4. The Sides consider that their trade in various goods must be carried out in such a way as not to cause or threaten to cause serious damage to domestic markets of these goods in both countries, in particular, to the detriment of local producers of similar or directly competing goods. If the Sides are to resort to protective measures, they will act in accordance with their obligations in this field, arising from international agreements which they are a party to. In any event, the Sides

will take account of the interests of the directly affected parties and endeavor at the conclusion of mutually acceptable agreements. (See Final Act of 1.8.75)

5. The Sides will encourage the development of long-term business mutual relations between the organizations and firms of the two countries both on the basis of traditional forms of cooperation, such as trade on normal commercial terms, barter and compensation transactions, and on the basis of new forms, including trade in licenses, industrial cooperation and establishment of joint ventures in the USSR, the USA and third countries.

6. Proceeding from the fact that capital investments of organizations and firms of the USSR and the USA in the partner country will promote the development of mutually beneficial business exchanges, the Sides will cooperate in providing for the necessary conditions to create in both countries joint ventures with the participation of Soviet and American enterprises, organizations and firms. In doing so, the Sides express their readiness to guarantee on a bilateral basis capital investments of the enterprises, organizations and firms of the other Side in its country.

7. Noting the importance of the achievement of mutually acceptable bilateral understandings on tax, currency and finance matters for the development of international trade, the Sides will endeavor to resolve them in such a way as to contribute to the stable growth of mutual trade turnover. (See: Final Act of 1.8.75; Vienna meeting within the framework of Helsinki CSCE, 6.10.87, basket 2, p. 2).

8. The Sides confirm their readiness to improve conditions for the maintenance of contracts between representatives of business communities of both countries, also by way of facilitation of direct contacts between representatives of business communities, potential buyers and end users, simplification of customs procedures, as well as the satisfaction of requirements of the representatives of business communities related to working conditions, such as accommodation, communications, hiring and management of personnel, and procedures of accreditation and registration.

They also agree to make wider use of trade fairs and exhibitions. (See: Vienna meeting within the framework of Helsinki CSCE, 6.10.87, basket 2, p. 2).

9. The Sides note the increasing importance of marketing in the development of their mutual trade and industrial relations, as well as the need to better evaluate the possibilities of sales, including the introduction of new products. Accordingly, they agree to encourage cooperation in the field of analysis and methods of marketing at the bilateral and multilateral level. (See: Vienna meeting within the framework of Helsinki CSCE, 6.10.87, basket 2, p. 2).

10. The Sides note the need for the broad exchange of comparable and timely economic and commercial statistical data and information and express readiness to establish cooperation between their statistical bodies to ensure the preparation and publication of data and information corresponding to the requirements of bilateral and multilateral business cooperation. (See: Vienna meet-

11. Considering the growing interdependence between trends of economic development of individual countries and trends of development of world economy, the Sides intend to exchange information concerning economic situation and economic policy in their countries, and to have consultations in cases where the said economic situation or economic policy may affect the trends of economic development of the partner country or world economy.

12. Recognizing the great importance of the provisions contained in in the General Agreement on Tariffs and Trade and in the Ministerial Declaration signed at the opening of the Uruguay round of the Multilateral Trade Negotiations for international economic cooperation in general, the Sides agreed to exchange information and consult on the necessary steps with a view to bring closer the USSR and GATT.

13. Recognizing the expediency of expanding the terms of reference of the USSR-US Joint Commercial Commission, the Sides agreed to rename it into the USSR-US Joint Commission on Trade and Economic Cooperation assigning to the Commission, in particular, monitoring of the Long-Term Agreement to Facilitate Economic, Industrial, and Technical Cooperation of June 29, 1974.

14. The provisions of this Joint Statement are without prejudice to prior obligations assumed by the USSR and the USA with respect to other states. (Basic Principles USSR-USA, 29.05.72).

Moscow, June 2, 1988

For the Union of Soviet
Socialist Republics
M. S. Gorbachev
General Secretary of the
CPSU Central Committee

For the United States of
America
R. Reagan
President of the United States
of America