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SCHEDULE FOR THE TENTH SESSION OF THE  
JOINT U.S. - U.S.S.R. COMMERCIAL COMMISSION

Moscow, U.S.S.R.  
April 12-14, 1988

Monday, April 11

- 1:30pm Arrival at Moscow Sheremetevo Airport #1. Delegation proceeds to official welcoming area. Met by 1st Dep. Min. Kachanov, Soviet officials, and U.S. Embassy officials.
- 2:00pm Secretary Verity makes 2-3 minutes of remarks to Soviet and Western press. Photo opportunity. No interviews or questions.
- 2:10pm Delegation departs airport. Luggage will follow separately.
- 3:00pm Delegation arrives at JCC Control Room for Orientation meeting and security briefing. (New Embassy Concourse.)
- 3:50pm Orientation ends, Delegation proceeds to Mezhdunarodnaya Hotel (Mezh Hotel)
- 4:00pm Delegation arrives at Mezh Hotel for check-in. (Proceed to JCC table in registration area for room keys. Baggage will be in registration area, not in rooms.)

Evening open. Delegation members may choose from:

A. USTEC reception in the Russky Restaurant at the Mezh Hotel, 7:30 - 9:30pm.

B. Optional U.S. delegation and embassy dinner at coop restaurant "Skazka" (one of the best of the new co-ops -- site of recent Shultz-Shevardnadze dinner meeting). A show of hands for this event will be sought during the orientation meeting)

C. Individual's own plans.

6.30

Space

Tuesday, April 12

- 7:30am Breakfast available at the Express Restaurant. Breakfast not included in room rate, and costs 2.50 rubles. Coffee and pastries may also be purchased at the lobby Coffee Bar.
- 9:15am Delegation gathers at the Rooster Clock in the Mezh Hotel lobby.
- 9:30am Delegation proceeds to the JCC Meeting Room.
- 10:00am Secretary Verity and 1st Dep. Min. Kachanov cochair JCC Plenary session, Rm. 1603, in the World Trade Center (WTC) building of the Mezh complex (16th floor).
- 12:15pm JCC Plenary session ends. Delegation proceeds to luncheon.
- 12:30pm 1st Deputy Minister Kachanov hosts luncheon for Secretary Verity and JCC delegation (at Mezh Hotel - Continental Room).
- 2:30pm JCC reconvenes in Working Session, cochaired by Acting Asst. Sec. Moore and Y.N. Chumakov, Dep. Min. of Foreign Economic Relations, Rm. 1603 Mezh-WTC
- 5:15pm JCC Working Session ends.
- 5:30pm Delegation attends USSR Chamber of Commerce Reception at the Mezh - Congress Hall. (Note that the delegation will depart for the ballet from the Congress Hall exit of the Mezh promptly at 6:30pm. If you want to freshen up in your room, please do so prior to going to the reception.
- 6:30pm Delegation departs for Bolshoi Theater. Bus leaves Mezh-WTC entrance (at Mercury statue). Note this entrance is on the other side of the Mezh from the Hotel entrance.
- 7:00pm U.S. delegation attends ballet performance of Cyrano de Bergerac at the Bolshoi Theater, hosted by Soviets.
- 10:00pm Ballet ends. Delegation returns by bus to Mezh Hotel.

*Kachanov - open  
mtg -  
Delegation*

*Malleywood host*



Wednesday, April 13

- 7:30am Breakfast available at the Express Restaurant. Breakfast not included in room rate, and costs 2.50 rubles. Coffee and pastries may also be purchased at the lobby Coffee Bar.
- 9:15am Delegation meets at Rooster Clock in Lobby to proceed to USTEC opening plenary session.
- 9:30am Secretary Verity and U.S. delegation attend USTEC Plenary Session (Mezh-WTC 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. Members of U.S. government delegation may depart at this point, at their option.
- (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.)
- 1:00pm Lunch open. U.S. delegation members may opt to attend USTEC buffet luncheon in the Russky Restaurant, in the Mezh Hotel.
- 2:00pm JCC Working Session resumes, if needed. (Rm. 1603, Mezh-WTC.)
- 3:00pm Working session concludes.
- 3:15pm Bus departs Mezh (Hotel entrance) for Special tour of the Kremlin.
- 5:00pm Tour ends, bus departs Kremlin for Mezh Hotel.
- 5:15pm Bus arrives at Mezh Hotel.
- 6:30pm Delegation departs Mezh Hotel for Kremlin dinner.
- 7:00pm Dinner at Kremlin for U.S. delegation and USTEC, hosted by General Secretary Gorbachev.
- 9:00pm Bus departs Kremlin for Mezh Hotel. Rest of evening free.



Thursday, April 14

7:30am Breakfast available at the Express Restaurant. Breakfast not included in room rate, and costs 2.50 rubles. Coffee and pastries may also be purchased at the lobby Coffee Bar.

8:00-9:00am Baggage Call. Baggage must be in lobby by 9:00am. Take baggage to JCC baggage area near registration desks. Ensure that any carry-on luggage is placed on carry-on rack. (You will pick up carry-on luggage in the control room later in the day.)

Checkout is not necessary unless you charged items (phone calls, restaurant, etc.) to your room.

9:30am Closing JCC Plenary Session (Mezh-WTC, Rm. 1603)

10:20am Secretary Verity and 1st Dep. Min. Kachanov sign JCC documents. Soviet and Western press present for photo opportunity.

10:35am Secretary Verity proceeds 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, Rm 1603 Mezh-WTC.

11:30am Press conference ends. Delegation proceeds to luncheon, with bus departing from Mezh WTC Entrance.

12:00pm Secretary Verity hosts luncheon for both JCC delegations at National Restaurant (National Hotel).

1:30pm Luncheon ends.

1:45pm US delegation bus tour of Moscow hosted by Soviets leaves National Hotel.

*8:00*  
*midday*  
4:30pm Tour concludes. Bus takes U.S. delegation to site of Tree Planting ceremony. Secretary Verity makes remarks (5 min.) along with 1st Dep. Min. Kachanov.

5:00pm Planting Ceremony ends. Bus takes delegation to Control Room.

5:15pm Arrive at Control Room, New Embassy Concourse. Pick up carry-on luggage, take care of last minute details.

- 6:15pm Bus leaves New Embassy Concourse for Spaso House.  
(Leave carry-on luggage on the bus.)
- 6:30pm U.S. Delegation attends reception hosted by  
Ambassador Matlock for JCC delegations and USTEC  
members.
- 8:00pm Bus leaves Spaso House for Sheremetevo Airport
- 9:30pm U.S. delegation depart on PANAM charter flight.
- 10:30pm U.S. delegation arrives New York JFK, clears  
customs and board vans for JFK Hilton.

Friday, April 15

- 9:00am Vans depart JFK Hilton for PANAM terminal.
- 10:15am Depart JFK on PA 789.
- 11:30am Arrive Washington National Airport.

UNCLASSIFIED

U.S. DELEGATION MATERIALS  
OPENING SESSION OF THE  
JOINT U.S. - USSR COMMERCIAL COMMISSION  
TUESDAY, APRIL 12, 1988  
MOSCOW, U.S.S.R.

UNCLASSIFIED



TENTH SESSION

JOINT U.S.-U.S.S.R. COMMERCIAL COMMISSION

Moscow, U.S.S.R.  
April 12-14, 1988

AGENDA

1. Status of Bilateral Trade
2. Report of the Working Group of Experts
3. Expansion of Trade and Economic Relations, Including Market Access and New Forms of Economic Cooperation
4. Trade Promotion and Business Facilitation
5. Concluding Remarks and Signing of Formal Documents

OPENING SESSION

10:00 a.m. - 12:15 p.m.

April 12, 1988

Room 1603

International Trade Center, Mezhdunarodnaya Hotel

"STATUS OF BILATERAL TRADE"

(SIMULTANEOUS TRANSLATION)

Co-chaired by: Secretary Verity  
First Deputy Minister Kachanov

PHOTO OPPORTUNITY (10 min.)

INTRODUCTORY REMARKS

Chairman Kamentsev or Minister Kachanov welcomes U.S. delegation; introduces Soviet delegation (10 min.)

Secretary Verity responds and introduces U.S. delegation (5 min.)

Ambassador Matlock delivers his remarks (5 min.)

Minister Kachanov proposes agenda. Secretary Verity confirms agenda. (5 min.)

OPENING STATEMENTS

Minister Kachanov presents Soviet view of the bilateral trade relationship

Secretary Verity presents U.S. view on the status and prospects for U.S.-U.S.S.R. trade (15 min.)

Under Secretary Wallis comments on the role of trade in the overall bilateral relationship (10 min.)

Minister Kachanov concludes discussion (5 min.)

REVIEW OF THE WORKING GROUP OF EXPERTS

Mr. Znamenskiy reviews results of Working Group of Experts meeting (10 min.)

Deputy Assistant Secretary Vargo comments on the results of the Working Group from the U.S. perspective (5 min.)

Minister Kachanov and Secretary Verity approve report.

CONCLUDING COMMENTS

Minister Kachanov recesses opening session and invites delegation to luncheon (5 min.)



PROTOCOL LIST-JCC MEETING AMERICAN DELEGATION

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



## C O M P O S I T I O N

of the Soviet delegation to the 10th session of  
the USSR-US Joint Commercial Commission

- |                  |  |
|------------------|--|
| A.I. KACHANOV    | - First Deputy Minister of Foreign Economic Relations of the USSR, leader of the delegation                        |
| V.L. MALKEVICH   | - Chairman of the Board of the USSR CCI, member of the Soviet part of the Commission                               |
| Yu.P. KHOMENKO   | - Deputy Chairman of USSR Gosplan, member of the Soviet part of the Commission                                     |
| L.I. FILIMONOV   | - First Deputy Minister of Oil Industry of the USSR  |
| Yu.S. MOSKOVSKIY | - Chairman of the Board of the Bank for Foreign Economic Affairs of the USSR                                       |
| Yu.N. CHUMAKOV   | - USSR MFER  |
| V.V. SUKHAREV    | - Deputy Minister of Construction and Road Machine-Building of the USSR  |
| V.A. REZNICHENKO | - Deputy Minister of Chemical Machine-Building of the USSR   |
| I.A. KONOVALOV   | - Deputy Chairman of USSR Goskomintourist  |
| I.P. KANAEV      | - Deputy Chairman of USSR CCI Presidium  |
| Yu.A. ZNAMENSKIY | - First Deputy Chief of Department, State Foreign Economic Commission, USSR Council of Ministers                   |
| V.S. GRINEV      | - Deputy Chief of Department, State Foreign Economic Commission, <u>USSR Council of Ministers</u>                  |
| O.V. KOZHEVNIKOV | - Trade Representative of the USSR in the USA  |
| V.M. SEROV       | - USSR MFER  |
| N.V. ZINOVYEV    | - USSR MFER  |
| R.G. TOMBERG     | - USSR MFER  |
| M.M. NESTEROV    | - USSR MFER  |
| V.A. NIKOLAEV    | - USSR MFER  |
| N.N. BORISOV     | - Chief of Department for Scientific and Technical Cooperation with Capitalist and Developing countries, USSR GKNT |
| V.K. ZILANOV     | - Chief of Department for Foreign Relations and General Deliveries, USSR Ministry of Fisheries                     |
| V.I. KUZNETSOV   | - Deputy Chief of USA and Canada Department, USSR Ministry of Foreign Affairs                                      |
| I.F. KOZLOVSKIY  | - Deputy Chief of the Main Currency and Economic Department, USSR Ministry of Finance                              |
| V.M. CHIBIREV    | - USSR MFER  |
| L.A. OVERCHUK    | - First Deputy Chief of Foreign Relations Department, USSR Gosagroprom   |

V.N. TOKAREV - First Deputy Chief of Foreign Relations Department, USSR Ministry of Medical Industry  
 V.S. BORTSOV - Deputy Chief of Foreign Relations Department, USSR Ministry of Merchant Marine  
 O.E. TISCHENKO - Commercial Consul, USSR Consulate General in San Francisco  
 E.A. BALABAN - USSR MFER  
 A.A. PLAVINSKIY - USSR MFER

Experts of the delegation

D.A. BESKURNIKOV - Senior Specialist, State Foreign Economic Commission, USSR Council of Ministers  
 V.A. AKULIN - Councillor of USA and Canada Department, USSR Ministry of Foreign Affairs  
 A.A. ZELENOV - USSR MFER  
 G.L. PERLOV - USSR MFER  
 Yu.N. SHEMELIN - USSR MFER  
 Yu.A. MALYSHEV - Chief Engineer of V/O Soyuzglavstroydormash-zagranpostavka  
 A.N. VYLEGZHANIN - Chief Lawyer of USSR-US Commission for Fishing Claims  
 A.E. GQDAKOV - USSR MFER  
 V.S. MAZUKA - USSR MFER  
 E.S. KIRYUKHIN - USSR MFER  
 A.O. MAMONOV - USSR MFER  
 Yu.A. ANDREEV - Interpreter

REVISED AND CLEARED 4-8-88

"STATUS OF US-SOVIET TRADE"

HONORABLE C. WILLIAM VERITY, JR.  
U.S. SECRETARY OF COMMERCE

AT THE OPENING SESSION OF THE  
JOINT U.S. - USSR COMMERCIAL COMMISSION

APRIL 12, 1988  
MOSCOW, USSR

CHAIRMAN KAMENTSEV, ACTING MINISTER KACHANOV, MR. AMBASSADOR,  
MEMBERS OF THE JOINT COMMISSION:

I AM ESPECIALLY PLEASED TO BE HERE TODAY TO CO-CHAIR THIS TENTH  
MEETING OF THE JOINT US-USSR COMMERCIAL COMMISSION.

TO BEGIN WITH, I AM NO STRANGER TO US-SOVIET TRADE. AS A  
BUSINESSMAN, I SAW FIRST HAND THE POTENTIAL FOR EXPANDED BILATERAL  
ECONOMIC RELATIONS. I ALSO EXPERIENCED THE POWERFUL IMPACT THAT  
GOVERNMENTS CAN HAVE ON BUSINESS.

AS U.S. CO-CHAIRMAN OF THE US-USSR TRADE AND ECONOMIC COUNCIL I SAW  
THE ELEMENTS IN OUR TRADE RELATIONS IN A BROADER CONTEXT, WORKING  
WITH BUSINESS EXECUTIVES AND GOVERNMENT OFFICIALS OF BOTH SIDES.

AND FINALLY, AS SECRETARY OF COMMERCE AND A MEMBER OF PRESIDENT  
REAGAN'S CABINET, I HAVE SEEN TRADE FROM THE PERSPECTIVE OF ITS  
ROLE AS A COMPONENT OF THE OVERALL RELATIONSHIP BETWEEN THE TWO OF  
THE WORLD'S MOST POWERFUL COUNTRIES.

THESE THREE PERSPECTIVES PUT ME IN A UNIQUE POSITION TO HELP MOVE  
OUR ECONOMIC RELATIONS FORWARD IN A REALISTIC AND APPROPRIATE WAY.

I AM ALSO PLEASED TO BE CO-CHAIRING THIS COMMISSION SESSION BECAUSE  
IT IS AN HISTORIC MEETING -- ONE WITH SPECIFIC INSTRUCTIONS FROM  
THE PRESIDENT OF THE UNITED STATES AND THE GENERAL SECRETARY OF THE  
SOVIET UNION.



IN THEIR JOINT STATEMENT CONCLUDING THE DECEMBER 1987 SUMMIT MEETING THEY STATED THEIR STRONG SUPPORT FOR THE EXPANSION OF MUTUALLY BENEFICIAL TRADE AND ECONOMIC RELATIONS. THEY AGREED THAT COMMERCIALLY VIABLE JOINT VENTURES, COMPLYING WITH THE LAWS AND REGULATIONS OF BOTH COUNTRIES, COULD PLAY A ROLE IN THE FURTHER DEVELOPMENT OF COMMERCIAL RELATIONS.

CHAIRMAN KAMENTSEV AND MINISTER KACHANOV: OUR LEADERS SPECIFICALLY INSTRUCTED US TO CONVENE THIS MEETING OF THE JOINT COMMISSION, AND TO DEVELOP CONCRETE PROPOSALS TO EXPAND OUR TRADE AND ECONOMIC RELATIONS.

I WANT TO STRESS THAT THEY SAID TO DEVELOP CONCRETE PROPOSALS -- SPECIFIC, VISIBLE, REAL PROPOSALS THAT, WHEN PUT INTO EFFECT WOULD EXPAND THE SIZE OF OUR ECONOMIC RELATIONS.

#### TRADE AND THE OVERALL RELATIONSHIP

THE IMMEDIATE CONTEXT OF THIS COMMISSION MEETING IS THUS SET BY THE SERIOUS DIALOGUE BETWEEN OUR GOVERNMENTS ON ALL ISSUES ACROSS OUR BILATERAL AGENDA, AND BY OUR LEADERS' SPECIFIC INSTRUCTIONS TO US.

THE LARGER CONTEXT IS SET BY THE FACT THAT TWO GREAT NATIONS SUCH AS OURS CANNOT ISOLATE TRADE FROM THE REST OF THEIR RELATIONSHIP. PROGRESS IN OUR ECONOMIC RELATIONS MUST BE RELATED TO PARALLEL IMPROVEMENTS IN OTHER ASPECTS OF OUR OVERALL RELATIONSHIP.

EMIGRATION IS OF PARTICULAR SIGNIFICANCE TO U.S. VIEWS ON TRADE. FREEDOM OF MOVEMENT IS A BASIC HUMAN RIGHT RECOGNIZED BY ALL SIGNATORIES OF THE HELSINKI FINAL ACT AND OTHER INTERNATIONAL AGREEMENTS ON HUMAN RIGHTS.

WE AMERICANS VALUE THIS RIGHT PARTICULARLY HIGHLY -- WE ARE, AFTER ALL, A NATION OF IMMIGRANTS. THERE CAN BE NO QUESTION THAT THESE CONCERNS HAVE A POWERFUL IMPACT ON THE ATTITUDE OF THE AMERICAN PEOPLE -- AND THEIR GOVERNMENT REPRESENTATIVES -- TOWARDS THE EXPANSION OF US-SOVIET TRADE.

I AM ENCOURAGED THAT THERE HAS BEEN SOME PROGRESS AND CONSTRUCTIVE DIALOGUE ABOUT HUMAN RIGHTS AND EMIGRATION. SHARING OUR CONCERNS IN THESE AREAS WILL LEAD TO THE PROSPECT OF ACHIEVING PROGRESS ON ALL BILATERAL ISSUES.

THE LARGER CONTEXT OF THIS COMMISSION SESSION THEN IS THAT PROGRESS ON OUR TRADE ISSUES MUST MATCH PROGRESS IN OTHER ASPECTS OF OUR RELATIONSHIP. THE IMMEDIATE CONTEXT TELLS US THAT, NEVERTHELESS, THERE ARE POSSIBILITIES FOR THE EXPANSION OF ECONOMIC RELATIONS WHICH BOTH SIDES CAN -- AND SHOULD -- SEEK NOW. THERE ARE OPPORTUNITIES FOR PRACTICAL STEPS THAT WILL EXPAND OUR TRADE AND ECONOMIC RELATIONS WITHIN OUR OVERALL POLICIES.



THIS IS THE BASIS UPON WHICH WE HAVE APPROACHED THE TENTH SESSION OF THE COMMISSION. WE BELIEVE THAT MUTUALLY BENEFICIAL TRADE CAN MAKE A SIGNIFICANT CONTRIBUTION TO A BETTER RELATIONSHIP BETWEEN OUR COUNTRIES.

#### STATUS OF TRADE

LET ME REVIEW THE STATUS OF OUR TRADE AND ECONOMIC RELATIONS FROM THE U.S. PERSPECTIVE. IN 1986, TOTAL U.S. GROSS NATIONAL PRODUCTION WAS \$4.2 TRILLION -- THE LARGEST IN THE WORLD. BY OUR DEFINITION OF GNP, SOVIET PRODUCTION THEN WAS \$2.4 TRILLION -- THE WORLD'S SECOND LARGEST. TOGETHER WE ACCOUNTED FOR \$6.6 TRILLION OF PRODUCTION -- 40 PERCENT OF THE WORLD'S TOTAL.

AT THE SAME TIME, OUR BILATERAL TRADE AMOUNTED TO LESS THAN \$2 BILLION -- \$1.2 BILLION OF U.S. EXPORTS AND \$600 MILLION OF SOVIET EXPORTS. THIS WAS THREE ONE-HUNDREDTHS OF ONE PERCENT OF OUR COMBINED GNP, AND IT WAS TWO-TENTHS OF ONE PERCENT OF WORLD TRADE. MOREOVER, THE VAST BULK OF THIS TRADE WAS IN AGRICULTURAL PRODUCTS AND RAW MATERIALS FOR FERTILIZERS. CLEARLY, THERE IS ROOM FOR MORE TRADE BOTH WAYS. BOTH ECONOMIES CAN BENEFIT FROM A FURTHER, SUSTAINED AND STABLE EXPANSION OF TRADE.

THE STATUS OF OUR TRADE SHOWS THE SIZE OF THE TASK BEFORE US. TO FULFILL SUCCESSFULLY THE MANDATE THAT OUR LEADERS HAVE GIVEN US, WE MUST HONESTLY RECOGNIZE THE IMPEDIMENTS FACING EXPANDED TRADE, AND WE MUST DEAL WITH THEM.

WHAT THEN ARE THE COMMERCIAL AND ECONOMIC BARRIERS, AND HOW CAN WE OVERCOME THEM?

IN THE PAST, THE SOVIET UNION'S CENTRALIZED SYSTEM OF ECONOMIC PLANNING CONCENTRATED ALMOST ENTIRELY ON DOMESTIC NEEDS RATHER THAN ON INTEGRATION WITH THE WORLD ECONOMY. THIS LED TO A SHORTAGE OF EXPORTABLE SOVIET MANUFACTURED GOODS AND A SHORTAGE OF FOREIGN EXCHANGE FOR IMPORTS.

WHEN FOREIGN FIRMS COULD IDENTIFY A TRADING OPPORTUNITY, THE USSR'S CENTRALIZED TRADE SYSTEM SEVERELY RESTRICTED THEIR CONTACTS WITH SOVIET ENTERPRISES. FOREIGN FIRMS FOUND IT DIFFICULT TO IDENTIFY PROSPECTIVE SUPPLIERS OR CUSTOMERS. WHEN THEY DID, NEGOTIATIONS OFTEN HAD TO BE CONDUCTED THROUGH AN INTERMEDIARY.

THIS WAS A LENGTHY AND INEFFICIENT PROCESS. FOR EXAMPLE, A REVIEW OF A LARGE NUMBER OF PROJECTS PROPOSED BY U.S. COMPANIES SHOWED THAT AFTER TWO YEARS OF DISCUSSION, ONLY ABOUT ONE PROJECT IN TWENTY HAD RESULTED IN BUSINESS.

THIS IS WHY AMERICAN BUSINESS IS WATCHING THE DEVELOPMENT OF PROFOUND CHANGES IN THE SOVIET ECONOMIC AND TRADE DECISION-MAKING STRUCTURE WITH GREAT INTEREST. THE DECENTRALIZATION OF ECONOMIC AND TRADE DECISION-MAKING IS AN IMPORTANT STEP. IT ADDRESSES SOME OF THE BASIC ECONOMIC REASONS WHY TRADE IN MANUFACTURED GOODS HAS BEEN SO LOW, NOT JUST WITH AMERICA BUT WITH THE WEST IN GENERAL.



U.S. FIRMS ARE NOW TAKING A NEW LOOK AT THE SOVIET ECONOMY, DOING SO AT A TIME WHEN IMPORTANT CHANGES ARE TAKING PLACE IN OUR OWN ECONOMY.

WE ARE FACED WITH CHOICES WHICH WILL AFFECT THE COURSE OF OUR COMMERCIAL RELATIONS FOR YEARS TO COME. HOW CAN WE DEVELOP SUSTAINABLE PATTERNS OF PEACEFUL TRADE? TO WHAT EXTENT CAN GOVERNMENTS SPEED THE PACE OF TRADE? SHOULD COMMERCIAL RELATIONS BE BASED PRIMARILY ON TRADE, OR SHOULD THEY RELY MORE ON INVESTMENT, INCLUDING JOINT VENTURES?

THERE ARE CERTAINLY SOME THINGS THAT WE SHOULD DO TO EXPAND OUR BILATERAL COMMERCIAL RELATIONS. THE U.S. DELEGATION WILL BE MAKING A NUMBER OF SPECIFIC PROPOSALS FOR STEPS TO EXPAND TRADE AND ACCESS TO EACH OTHER'S MARKETS DURING THIS MEETING.

HOWEVER,, TO US THERE ARE CLEAR LIMITS TO GOVERNMENTAL ACTION. THE FOREIGN COMMERCIAL RELATIONS OF THE UNITED STATES ARE ALMOST EXCLUSIVELY CONDUCTED BY PRIVATE FIRMS ACTING INDEPENDENTLY, IN LINE WITH THEIR OWN ECONOMIC SELF-INTEREST. WHILE OUR GOVERNMENTS CAN CREATE OPPORTUNITIES FOR U.S. AND SOVIET ENTERPRISES TO DO BUSINESS, WE MUST NOT ENCOURAGE THEM TO CONCLUDE UNECONOMIC AGREEMENTS MERELY AS A SIGN OF IMPROVING BILATERAL RELATIONS.

OUR COMMERCIAL RELATIONS MUST BE BASED ON MUTUAL ECONOMIC BENEFIT. REACHING COMMERCIAL AGREEMENTS WITHOUT PROPER CONSIDERATION OF THEIR ECONOMIC MERITS WOULD BE SELF-DEFEATING. WE MUST BE CAREFUL TO OBSERVE ECONOMIC FUNDAMENTALS.

ONE FUNDAMENTAL, PARTICULARLY IMPORTANT TO U.S. COMPANIES, IS FREEDOM OF CHOICE. THIS SHOULD BE THE CORNERSTONE OF MUTUALLY BENEFICIAL ECONOMIC RELATIONS BETWEEN US.

IN THE PAST, SOVIET AND AMERICAN BUSINESSMEN HAD NO CHOICE BUT TO CONDUCT ECONOMIC RELATIONS IN THE USSR THROUGH TRADE. INVESTMENT IN THE SOVIET UNION WAS NOT POSSIBLE.

RECENT DEVELOPMENTS IN THE SOVIET UNION HAVE CHANGED THIS. JOINT VENTURES, FOR EXAMPLE, ARE NOW POSSIBLE BETWEEN AMERICAN AND SOVIET ENTERPRISES IN THE USSR.

THIS IS A SIGNIFICANT DEVELOPMENT. AS OUR LEADERS NOTED IN THEIR JOINT STATEMENT CONCLUDING THE DECEMBER 1987 SUMMIT, "COMMERCIALLY VIABLE JOINT VENTURES COMPLYING WITH THE LAWS AND REGULATIONS OF BOTH COUNTRIES COULD PLAY A ROLE IN THE FURTHER DEVELOPMENT OF COMMERCIAL RELATIONS."



HOWEVER, HAVING "A ROLE" DOES NOT MEAN "THE ONLY ROLE." EVEN UNDER THE BEST OF CONDITIONS, JOINT VENTURES CAN BE DIFFICULT MANAGEMENT CHALLENGES FOR COMPANIES, AND WILL NOT BE ATTRACTIVE TO SOME COMPANIES NO MATTER HOW LIBERAL THE USSR'S POLICIES BECOME. THIS IS PARTICULARLY TRUE FOR SMALL AND MEDIUM-SIZED COMPANIES.

FOR SOME OTHER COMPANIES, THOUGH, JOINT VENTURES IN THE USSR FIT WELL WITH THEIR PLANS. COMBUSTION ENGINEERING WAS THE FIRST U.S. COMPANY TO SIGN A JOINT VENTURE IN THE USSR. I ALSO WANT TO NOTE THE JOINT VENTURE FISHING OPERATION CONDUCTED IN U.S. WATERS SINCE 1978. IT HAS PROSPERED TO THE MUTUAL BENEFIT OF BOTH PARTIES, AND LET ME ESPECIALLY NOTE THAT CHAIRMAN KAMENTSEV WAS INSTRUMENTAL IN ESTABLISHING IT.

WHILE WE SHOULD NOT DISCOURAGE COMPANIES AND ENTERPRISES FROM ENTERING INTO MUTUALLY-BENEFICIAL JOINT VENTURES COMPLYING WITH THE LAWS AND REGULATIONS OF BOTH COUNTRIES, WE MUST ALSO ENSURE THAT FORMING A JOINT VENTURE DOES NOT BECOME A REQUIREMENT FOR A U.S. COMPANY TO GAIN ACCESS TO THE SOVIET MARKET.

#### CONCRETE PROGRESS

MR. MINISTER, IN CLOSING, I WOULD LIKE TO EMPHASIZE THAT WE FACE A MORE POSITIVE TRADE SITUATION THAN ONLY A FEW YEARS AGO. IN REVIEWING THE IMPROVEMENT OF TRADE AND ECONOMIC RELATIONS OF THE LAST FEW YEARS, I NOTE THAT BEGINNING IN 1984:

- WE BOTH EXTENDED FOR ANOTHER TEN YEARS OUR LONG-TERM AGREEMENT TO FACILITATE ECONOMIC, INDUSTRIAL, AND TECHNICAL COOPERATION;
- WE BOTH RESUMED ANNUAL SESSIONS OF THE JOINT COMMERCIAL COMMISSION, RESTORING AN OFFICIAL TRADE DIALOGUE;
- THE U.S. REESTABLISHED AN OFFICIAL TRADE PROMOTION PROGRAM IN THE USSR, AND THE USSR WILL BEGIN ONE IN THE UNITED STATES;
- THE SOVIET UNION AGREED TO CONSIDER U.S. COMPANIES AS ACCEPTABLE BIDDERS ON A BROAD RANGE OF PROJECTS, AND TO CONSIDER FAVORABLY U.S. COMPANY PROPOSALS; AND
- THE UNITED STATES AGREED TO SEEK THE ELIMINATION OF SOME LONG-STANDING BARRIERS, SUCH AS THE EMBARGO ON FURSKINS.

SO, WE HAVE MADE PROGRESS -- AND I BELIEVE WE CAN MAKE FURTHER PROGRESS OVER THE NEXT FEW DAYS. IN THIS REGARD, I AM ABLE TO TELL YOU THAT AS PART OF THE TRADE BILL NOW BEING DISCUSSED IN CONGRESS, BOTH THE HOUSE AND THE SENATE HAVE AGREED THAT THE LONG-STANDING EMBARGO ON IMPORTS OF SOVIET FURSKINS SHOULD BE DROPPED.

MR. MINISTER, WE HAD AN EXCELLENT MEETING OF THE WORKING GROUP OF EXPERTS IN WASHINGTON TWO MONTHS AGO. THEY WERE ABLE TO LAY THE FOUNDATION FOR WHAT I BELIEVE CAN BE A SIGNIFICANT NUMBER OF SPECIFIC, CONCRETE AGREEMENTS AT THIS COMMISSION MEETING.

FOR OUR PART, WE WANT TO REACH AGREEMENTS THAT WILL BE IMPORTANT IN FACILITATING BUSINESS, IN IMPROVING MARKET ACCESS, AND IN PROMOTING TRADE. THE SOVIET DECISION TO DECENTRALIZE TRADE IS SIGNIFICANT, AND PRIORITY SHOULD NOW GO TO DEVELOPING EFFECTIVE MARKETING COMMUNICATION BETWEEN SOVIET ORGANIZATIONS AND U.S. COMPANIES.

I BELIEVE WE CAN ESTABLISH MECHANISMS WHICH WILL IMPROVE THE PROSPECTS FOR EXPANDING TRADE AND ECONOMIC RELATIONS IN INDUSTRY SECTORS OF MUTUAL INTEREST. I ALSO BELIEVE THE TIME HAS COME TO DEVELOP THE MEANS FOR EXPANDING COOPERATION IN TOURISM AND TOURISM SERVICES, INCLUDING HOTEL MANAGEMENT.

AS WE BEGIN OUR WORK, MR. MINISTER, I WANT TO NOTE THAT FROM THE U.S. PERSPECTIVE, THE ROLE OF GOVERNMENT IS TO ENHANCE THE ABILITY OF COMPANIES TO ESTABLISH CONTACT AND CONDUCT BUSINESS IN AS OPEN AN ENVIRONMENT AS POSSIBLE.

THAT IS WHAT WE HAVE COME TO MOSCOW TO DO. YOU WILL FIND WE ARE HERE WITH A POSITIVE ATTITUDE TO MOVE OUR ECONOMIC RELATIONSHIP FORWARD -- AND IN SO DOING TO CONTRIBUTE TOWARD A FURTHER IMPROVEMENT IN THE OVERALL RELATIONSHIP BETWEEN OUR TWO COUNTRIES.

I HOPE WE WILL FULFILL THE MANDATE GIVEN TO US BY THE PRESIDENT AND THE GENERAL SECRETARY -- AND THAT WE WILL BE ABLE TO AGREE ON WORKABLE PROPOSALS TO MOVE OUR TRADE AND ECONOMIC RELATIONSHIP FORWARD.

IT IS ALSO MY HOPE THAT THESE MEETINGS WILL HELP US MOVE TOWARD FURTHER IMPROVEMENTS IN OTHER ASPECTS OF OUR RELATIONS THAT WOULD ENABLE US TO EXAMINE THE FUNDAMENTALS AFFECTING OUR TRADE.

THANK YOU, MR. MINISTER.





54  
UNITED STATES DEPARTMENT OF COMMERCE  
International Trade Administration  
Washington, D.C. 20230

APR 1 1988

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MEMORANDUM FOR US DELEGATION MEMBERS FOR TENTH JCC SESSION

FROM: Franklin J. Vargo, U.S. Executive Secretary  
Joint US-USSR Commercial Commission

SUBJECT: Soviet Draft of Agreed Report

Attached for your review is a Soviet proposed draft of the JCC Agreed Report. Most of its content tracks with their proposals made at the February Working Group of Experts. In addition, it contains the first reaction we've had from the Soviets to our proposals.

There is, however, a new element related to the upcoming Summit. The Soviets are proposing:

- o A report from the Commission co-chairmen to the two leaders on the concrete measures which will be undertaken.
- o A Joint Document on the Main Principles of Bilateral Relations in the trade and economic sphere, which if approved by the two leaders, could be signed during President Reagan's visit to the USSR.

The Soviet draft was prepared before they received our counterproposal on a Joint Statement. The translation was prepared very quickly by the Soviet embassy, and while not in classical English, our review of the Russian text indicates that their translation conveys their proposals quite accurately.

I would appreciate your conveying your reactions to the Soviet proposals to either me (377-5638) or Susanne Lotarski (377-3150) on Monday, if possible, so that we may incorporate them in the U.S. draft of the Agreed Report.

Attachment

Controlled by: Franklin J. Vargo  
Decontrol on: O.A.D.R.

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*SSR*

Unofficial translation

SOVIET DRAFT

AGREED-MINUTES

of the tenth session of the Joint Soviet-American  
Commission on trade

The tenth session of the Joint Soviet-American Commission on trade created in May 1972 in accordance with the Joint Communiqué, was held in Moscow on April 12-14, 1988. It was convened in accordance with the instruction of the General Secretary of the CC of the CPSU Mr. M.S. Gorbachev and the President of the USA Mr. F. Reagan with the aim of preparing of concrete proposals directed at the broadening of the trade and economic relations between the USSR and the USA.

Minister of the Foreign Economic Relations of the USSR Mr. K.F. Katushev headed the Soviet delegation and presided at the plenary sessions of the Commission. American delegation was headed by Secretary of Commerce of the USA Mr. W. Verity. The lists of the Soviet and American delegations are attached to the present Agreed-minutes.

In the course of the session of the Commission Secretary Verity was received by the General Secretary of the CC of the CPSU Mr. M.S. Gorbachev. He also had talks with the President of the Council of Ministers of the USSR Mr. N.I. Ryzkov, with the Secretary of the CC of the CPSU Mr. A.F. Dobrinin, with the First Deputy President of the Council of Ministers of the USSR Mr. V.S. Murakhovsky, with the Deputy President of the Council of Ministers of the USSR Mr. V.M. Kamentsev. During these meetings the prospects for the development of the Soviet-American trade and economic relations have been discussed in a constructive spirit.

The following agenda was adopted by the Commission:

1. Status of bilateral trade
2. Report of the working group of experts.
3. Expansion of trade and economic relations, including market access and new forms of economic cooperation.
4. Trade promotion and business facilitation.
5. Concluding remarks and signing of the documents of the Session of the Commission.

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CONTROLLED BY: Franklin Vargo  
April 1, 1988



STATUS OF BILATERAL TRADE

The Session was opened by the statements of the Co-Chairmen of the Commission who have noted with satisfaction that during the period passed from the date of the ninth Session of the Commission, in 1986, certain positive changes have begun to show in the trade and economic ties between the USSR and the USA. They pointed out that there have been an increase of activity both on business and official levels aimed at the search of ways to develop mutually beneficial trade, including the use of new forms of economic cooperation, the joint ventures included. At the same time it was ascertained that the main obstacles to the bilateral trade still exist and that the positions of both Sides in relation to the possible steps to be taken in order to eliminate these obstacles still differ considerably.

Both Sides expressed mutual desire to continue work of creating favorable conditions for the development of cooperation, for the search of the points of contact in the fields of mutual interest. They agreed to work out a Joint Document on the Main Principles of Bilateral Relations in the trade and economic sphere, which, in case of its approval by the leaders of both countries, could be duly signed during the upcoming visit of the President of the USA to the USSR in summer 1988.

Both Sides agreed to extend the sphere of activity of the Long-term Agreement on Facilitation of economic, industrial and technical cooperation of June 29, 1974, having in mind to spread the provisions of this Agreement on the new forms of economic cooperation, including industrial cooperation and joint ventures.

Corresponding document could be signed during the visit of the President of the USA to the USSR as well.

It was recognised expedient to work towards the enlargement of the sphere of authority of the Commission assigning to it in particular the observation of the execution of the Long-term agreement on Facilitation of economic, industrial and technical cooperation of June 29, 1974. Taking into account that henceforth the Commission will be dealing in a broader scope of problems of trade and economic cooperation than before, both Sides have agreed to rename the Commission into "Joint Soviet-American Commission on Trade and Economic Cooperation".

The parties have agreed to create in the framework of the Commission the working groups on cooperation in the sphere of petroleum, gas and medical industries as well as on production of construction equipment.

Upon examining of the state of trade between the Soviet Union and the United States the Commission has observed the insignificance of the trade turnover in comparison with the existing potential and the limitedness of its structure. The Commission ascertained that such a state of affairs does not

Legal  
Tower



respond to the interests of either Side and agreed that additional steps should be taken to increase trade where it is possible. The parties have agreed that unclaimed potentials exist in the development of traditional trade in basic, chemical, agricultural and other commodities, in industrial goods as well as in many types of services, equipment and technology.

#### REPORT OF THE WORKING GROUP OF EXPERTS

The Commission stated that in the course of the sixth meeting of the working group of experts held in Moscow on October 19, 1987, a useful exchange of current information on the state and the prospects of the development of the economies and the foreign trade of USSR and USA had taken place. The information of the Soviet Side on the reorganisation of the system of foreign economic relations had been discussed.

The Commission approved the information of the Heads of the delegations on the seventh meeting of the Working group of experts held in Washington on February 18-19, 1988. It observed that the working group of experts had accomplished a useful work of preparation for the present session of the Commission.

The Parties have agreed to organise the meetings of the Working group of experts in the periods between the sessions of the Commission one time per year at the least, in order to increase the effectiveness of the work of the Commission, taking into account the creation in its structure of several working groups on branches of industry as well as for the discussion and the preparation of questions of development of Soviet-American trade and economic cooperation the decisions on which demand approval by the Sessions of the Commission.

The Commission decided that the eighth meeting of the Working group of experts will be held in the second half of 1988. The date and the place will be devised by the Chairmen of Soviet and American Sides of the Commission.

#### Expansion of trade and economic relations, including market access and new forms of economic cooperation.

The parties agreed that objective opportunities exist for the broadening of trade and economic cooperation including by means of development of new forms of economic relations.

The parties observed that in order to pursue the realisation of the existing premisses and opportunities it is necessary to continue the joint work, aimed at the creation of the corresponding conditions for the development of mutually beneficial trade and economic relations based on the principles of equality, noninterference in the internal affairs, mutual benefit and strict conformity with contractual obligations.

The Commission has discussed the questions of management of the foreign economic relations of the USSR concentrating its



attention on the way this reorganisation could influence commercial activity of US companies in the Soviet Union and of Soviet organisations in the United States. The Soviet Side presented information on the functions of Soviet ministries, institutions and enterprises involved in the foreign economic activity. It observed that the improvement of economic mechanism in the USSR opens up additional opportunities for the development of mutually beneficial economic cooperation.

The American Side took this information into consideration with interest.

The Parties exchanged information on the course of development of the projects of cooperation between the Soviet organisations and the American companies, including the projects of creation of joint ventures.

The parties observed that during the last time several real steps have been undertaken that give a concrete content to the aspiration of both sides for development of the mutually beneficial trade and economic relations. Founding documents of three joint Soviet-American enterprises "Pris", "Dialog" and "Sterch" have been officially registered, more than 15 letters of intent to create joint ventures have been signed, work is underway on about 30 similar projects.

The parties have positively evaluated the work conducted by the Soviet and American representatives to create the Soviet Foreign Economic Consortium and the American Trade Consortium. They have greeted with satisfaction the signing between the Consortiums of a Protocol of intent to develop the cooperation and to prepare a Draft of a General agreement. It was noted that cooperation between the Soviet organisations and American firms in the framework of this agreement can be promising from the point of view of development of mutual trade turnover.

The parties expressed opinion about the necessity to take additional efforts to maximise the use all the existing possibilities.

The Soviet Side pointed out the lack of progress in the problem of creating more favourable than actually existing conditions for export of certain Soviet goods to the USA. In this connection it referred to the preserving bans on importation in the USA of seven types of Soviet furskins and gold coins, high antidumping duty on Soviet urea and expressed its concern about the continuing efforts in the US Congress to worsen the conditions for imports of Soviet commodities in the United States. The Soviet Side also pointed attention to the ban that exists in the USA on imports in the USSR of satellites for their launching by the Soviet rocket-carriers, as well as to the desirability of the expedient resolution of the problem of access of the Soviet Trade Maritime fleet in the the US external trade.

The American Side promised to take measures for lifting of those of the above obstacles where it will be possible.

The American Side proposed to create within the framework of the Commission a working group for the resolution of problems of cooperation between the USSR and the USA in the sphere of tourism and related spheres.



The Soviet Side stated that the existing organisational forms in the sphere of tourism between the two countries correspond to the present character of tourist ties and provide possibilities for their development and improvement.

In the course of discussion of the problems of access to the markets the Soviet Side stated that it intends in the perspective to join the GATT as a contracting party on the agreed conditions proceeding from the economic considerations and taking into account the reform of management of foreign economic relations of the USSR.

The parties have agreed to hold consultations on the questions of GATT and to organise, in particular, a meeting of the working group of experts for that purpose.

The Commission observed an important role of American-Soviet Trade and Economic Council in the development of bilateral cooperation.

The activity of the Council was positively assessed and the agreement was reached to continue work in close contact with this organisation stimulating it to work out proposals aimed at the development of relations between the Soviet organisations and the American firms.

#### Trade promotion and business facilitation.

The parties observed that they attach large significance to the work of firms and organisations, participating in the bilateral trade and economic cooperation, and discussed problems these organisations and firms actually run into.

They declared for the establishment of exchange of commercial delegations on problems of mutual interest and agreed to render each other assistance in the execution of such trips. The parties reached a principle accord to conduct a series of joint seminars with the aim of studying the legal aspects of bilateral cooperation the questions of investment included. At the same time it is assumed that the first such seminar will be held in the USSR in September 1988.

The Soviet Side presented information on the measures that it has taken lately to simplify the procedure of issuing of entry visas in the USSR, including multiple visas, for the representatives of business, to simplify the procedure of travelling in the territory of the USSR for the functionaries of the foreign missions, the US included, and to open up for visits previously closed areas. During 1987-1988 upon request of three American companies their respective quota of representatives in Moscow was enlarged.

Soviet representatives have expressed hope that the American Side would undertake adequate measures with respect to the Soviet trade representatives in USA. In this connection they pointed the attention to the difficulties which occurred lately in the work of "Amtorg Trading Corporation" and also raised question of increasing the quota of the Soviet commercial representatives in the US by one unit in accordance with the



intention to send to New York a representative of Vnesheconombank of the USSR, with the aim of developing cooperation with American banks.

The American Side apprehended with satisfaction the information about the changes in the USSR in the consular regime and agreed to examine the questions raised by the Soviet Side. It also agreed to render assistance in organization of the exhibition of Soviet export commodities in December 1988 in New York.

The American Side raised questions on improvement of information of American firms about import requirements of the USSR, on supplying them with more detailed information about the Soviet organizations which had received the right of exit to the international markets, and on the distribution in the USSR of a bulletin of American export commodities. The Soviet Side promised to undertake necessary steps to satisfy the requests of the American Side.

The American Side also attracted attention to several problems in the activity of US Commercial Bureau in Moscow and to certain difficulties in the work of representations of American firms in the USSR.

The Soviet Side took this information into consideration pointing out that many of the above problems are being solved given the possibilities in the order of their emergence with the help of corresponding Soviet organizations.

The parties agreed to continue the practice of regular meetings of their representatives in Moscow and Washington on questions of facilitation of commercial activity.

### Concluding Remarks

Summing up the results of the present session the Parties observed that mutually beneficial large-scale trade and economic cooperation on a stable basis is able to promote the development of more constructive relations between our countries. In the desire to contribute to the strengthening of such a cooperation including the use of the new forms of economic relations, and executing the instruction of the General Secretary of the CC of the CPSU Mr. M. S. Gorbachev and of the President of the USA Mr. R. Reagan to prepare concrete proposals aimed at these targets, the Parties have come to an agreement on the basic provisions of a report to the leaders of our countries which contains the list of measures that are proposed to be undertaken in the nearest future.

In the aim of solidifying and concretisation of the firm support expressed by both Sides to the development of the Soviet-American relations in the field of trade and economy, impregnating them with the elements of necessary stability in the interest of the business circles of both countries, the Parties have agreed to elaborate a joint document on the basic principles of relations in the sphere of trade and economy. Given the approval of this document by the leaders of



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- 7 -

both countries, it could be signed during the upcoming visit of the President of the USA to the USSR in summer 1988.

The parties have also come to a conclusion about the expediency of renaming of the Joint Soviet-American Commission on trade into the Joint Soviet-American Commission on trade and economic cooperation.

The Heads of the Soviet and American delegations that upon the closing of the session of the Commission they will inform the business circles of their countries about its results and about the measures they are planning to take. They will also forward them corresponding recommendations regarding further increase in their activities.

The Commission decided to hold its eleventh session in Washington in 1989. The date and the agenda will be coordinated between the Chaimen of the Soviet and American Sides of the Commission in accordance with the Provision and authority and rules of procedure.

Done in Moscow on April 14, 1988, in english and in russian, both documents are authentic.

K.F.Katushev

William Verity

Head of the Soviet Delegation  
at the tenth session of the  
Joint Soviet-American  
Commission on trade

Head of the American  
Delegation at the tenth  
session of the Joint  
Soviet-American Commission  
on trade

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

The U.S. delegation reaffirmed the support of the Administration for the expansion of mutually beneficial 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 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 marketing goals 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 peaceful, 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 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 peaceful 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 step 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 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 to in the JCC, but that the agreements continue to a gain in the trade relationship that will 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, 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 only interested 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 in areas in which national security export controls are not affected, 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 this good beginning.

#### 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 to produce process controls for the fertilizer industry. 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 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.



JOINT STATEMENT  
on the further development of  
U.S.-U.S.S.R. commercial relations

U.S. Secretary of Commerce C. William Verity and U.S.S.R. First Deputy Minister of Foreign Economic Relations A. I. Kachanov, at the conclusion of the Tenth Session of the Joint U.S.-U.S.S.R. Commercial Commission held in Moscow April 12-14, 1988, at the instruction of President of the United States Ronald Reagan and General Secretary of the CPSU Central Committee M. S. Gorbachev to develop concrete proposals for the expansion of U.S.-Soviet trade, issued the following Joint Statement.

The Governments of the United States of America and the Union of Soviet Socialist Republics strongly support expansion of mutually beneficial commercial relations, within the legal framework existing in both countries, which they believe can contribute to the development of a more constructive relationship between the two countries.

They recognize that improved business facilities and additional commercial information on business opportunities and contacts will be needed by their firms, enterprises, business and other organizations to conclude mutually beneficial contracts in the changing environment.

They agree that commercially viable joint ventures complying with the laws and regulations of both countries could play a role in the further development of commercial relations.

They recognize that the prospects for a substantial expansion of trade relations are related to progress on other issues of mutual interest. They note that while significant accomplishments have been made in this respect, more remains to be done.

During the Tenth Session of the Joint Commercial Commission, the two sides took the following practical steps to facilitate the expansion of bilateral trade and commercial relations:

- Concluded a Protocol to the Long Term Agreement Between the United States of America and the Union of Soviet Socialist Republics To Facilitate Economic, Industrial, and Technical Cooperation, of June 29, 1974, in which they agreed that the forms of cooperation covered by the terms of the Long-Term Agreement shall include commercially viable joint ventures and industrial cooperation based on mutually beneficial contracts between firms, enterprises, and other appropriate organizations of the two countries.

Under the Protocol the Joint US-USSR Commercial Commission will monitor the practical implementation of the Protocol and develop concrete proposals to achieve the cooperation foreseen therein, and the Working Group of Experts will exchange information that will assist the Commission in developing solutions to specific practical issues relating to its implementation.

- Established Joint Commission working groups to identify opportunities and eliminate obstacles to the development of business in the fields of medical equipment and supplies for the medical industry, oil and gas equipment, construction equipment, and consumer industry.
- [ Established a Joint Commission working group on tourism matters to review and facilitate resolution of tourism-related commercial issues. ]
- Agreed to hold a series of legal seminars to improve understanding of the legal conditions affecting U.S.-Soviet commerce and investment.
- Undertook to make information on business opportunities and contacts readily available so as to facilitate the prompt identification and contact of potential business partners.
- Committed themselves to accelerate efforts to improve business facilities for company offices and representatives.
- Encouraged representatives and experts of their respective firms, enterprises, and organizations to make use of the official commercial offices of the other side.
- Agreed to expand a program of trade missions, rendering appropriate mutual assistance in their planning and execution.

Both sides affirm their intention to inform their respective firms, enterprises, and organizations of the contents and recommendations of the Joint Statement and to work toward their full implementation.

April 14, 1988



AGREED REPORT  
OF THE TENTH SESSION OF THE  
JOINT U.S. - U.S.S.R. COMMERCIAL COMMISSION

The Tenth Session of the Joint U.S. - U.S.S.R. Commercial Commission, established by a joint communique in May, 1972, was held in Moscow on April 12-14, 1988. A. I. Kachanov, First Deputy Minister of Foreign Economic Relations of the U.S.S.R., headed the Soviet delegation and presided over the session. The U.S. delegation was headed by Secretary of Commerce C. William Verity.

During the work of the Commission, Secretary Verity was received by General Secretary of the Central Committee of the CPSU

M. S. Gorbachev. Secretary Verity also met with Chairman of the Council of Ministers of the U.S.S.R. N. I. Ryzhkov, Central Committee Secretary A. F. Dobrynin, First Deputy Chairman of the Council of Ministers of the U.S.S.R. V. S. Murakhovsky, and Deputy Chairman of the Council of Ministers of the U.S.S.R.

V. M. Kamentsev. Prospects for the development of American-Soviet trade and economic relations were discussed in a constructive spirit throughout the meetings.

Lists of the U.S. and Soviet delegations to the Commission are attached to this Agreed Report.

The Commission adopted and discussed the following agenda:

1. Status of Bilateral Trade and Economic Relations
2. Report of the Working Group of Experts
3. Expansion of Trade and Economic Relations, including market access and new forms of economic cooperation.
4. Trade Promotion and Business Facilitation
5. Concluding remarks and signing of official documents.

STATUS OF BILATERAL TRADE

In opening the session, the co-chairmen noted that President of the United States Ronald Reagan and General Secretary of the Central Committee of the CPSU of the U.S.S.R. M. S. Gorbachev had, during the Washington Summit, instructed them to convene this session of the Joint Commercial Commission in order to develop concrete proposals for the expansion of mutually beneficial trade and economic relations. Each Co-Chairman expressed his side's desire to carry out this mandate.

In their opening statements, the co-chairmen reaffirmed the strong support of their respective governments for the expansion of mutually beneficial commercial relations. Examining the state of trade between the two countries, the Commission observed that trade levels are extremely small in comparison to the size of the two economies and are below their potential. They also noted the limited structure of present trade.

The two sides agreed that an increase in mutually beneficial trade was in the interest of both sides and agreed that additional steps should be taken to encourage trade where that was possible. They noted that opportunities exist in basic materials, chemicals, agriculture, and other commodities, as well as in civilian industrial goods and services.

Reviewing the status of bilateral economic relations since the 1986, they mentioned that a textile agreement has been concluded, that negotiations on maritime relations and on agricultural trade are being conducted, that business and government interest in finding ways in which mutually beneficial trade can be developed are increasing, and that there is business interest in the use of joint ventures and other new forms of cooperation.

At the same time it was observed that major obstacles to bilateral trade remain, and that the positions of both sides relating to possible steps to be taken to eliminate these obstacles still differ considerably.

*The obstacles had a family resemblance on H.R. ; H. U.S.*  
Each side presented its views on ~~humanitarian~~ and other general issues. The U.S. side stated its belief that a fundamental change in trade relations could not take place without parallel improvements in other parts of the bilateral relationship. Absent significant changes in other parts of bilateral relations, the U.S. side stated that trade growth would have to take place within present conditions.

The Soviet side declared that it sought to develop cooperation with the United States on principles of mutual interest and equality, and that it is opposed to tying trade to aspects of bilateral relations which in its view have no bearing on trade. The Soviet side stated further that progress in trade can contribute to improvement in other parts of the overall bilateral relationship.

Both sides agreed that mutually beneficial trade is an aspect of the bilateral relationship which can contribute to building trust and better working relations between the two countries. They expressed their mutual desire to continue to find ways to further develop trade and economic relations within the context of the present policies of both sides, and to search for fields of mutual interest.



REPORT OF THE WORKING GROUP OF EXPERTS

The Commission observed that the Working Group of Experts had had its sixth meeting in Moscow on October 19, 1987, co-chaired by Deputy Minister of Foreign Trade Malkevich and Assistant Secretary of Commerce Louis F. Laun. They noted that this meeting had resulted in a useful exchange of information on economies and foreign trade of the two countries. Information provided by the Soviet side regarding the reorganization of the Soviet system of foreign economic relations was also discussed at that meeting of the Working Group.

First Deputy Chief of Section of the U.S.S.R. State Foreign Economic Commission Y. A. Znamenskiy presented the report of the Seventh Session of the Working Group of Experts, which he and Assistant Secretary of Commerce Louis F. Laun co-chaired in Washington, February 18 and 19, 1988.

The Commission approved the report and expressed appreciation for the useful work that the Working Group of Experts had performed in preparing for the Tenth Session of the Joint Commercial Commission. The Commission agreed that such preparatory work, in addition to its mandated functions, should be part of the Working Group's regular work in the future.

The date and place of the Eighth meeting of the Working Group of Experts will be determined by the Commission Co-chairman.

EXPANSION OF TRADE AND ECONOMIC RELATIONS, INCLUDING MARKET ACCESS AND NEW FORMS OF ECONOMIC COOPERATION

The two sides noted that the steps agreed upon at the Eighth and Ninth Sessions of the Joint Commercial Commission had improved conditions for the development of bilateral trade and encouraged the firms, enterprises, and organizations of the two countries to consider each other as potential business partners. They agreed to take further measures, as possible at the current stage of development in bilateral relations, to support the further expansion of peaceful, mutually beneficial, bilateral trade and commercial cooperation.

The Commission discussed questions relating to the restructuring of the management of the foreign economic relations system of the U.S.S.R., concentrating its attention on the way this restructuring could affect the commercial activity of U.S. companies in the Soviet Union and Soviet organizations in the United States. The Soviet side presented information on the functions of Soviet ministries, institutions, and enterprises involved in foreign economic activity. It stated that the improvement of economic mechanisms in the U.S.S.R. opens up additional opportunities for the development of mutually beneficial commerce. The U.S. side took this information into consideration with interest.

The Soviet side stated it believed that there was a lack of progress in improving conditions for the export of many Soviet goods to the United States. It referred to the continuing embargo on U.S. imports of seven types of furskins, the embargo on gold coin imports, what it considers prohibitive antidumping duties on imports of Soviet urea into the United States, and concern about proposals in Congress which would worsen conditions for imports of Soviet commodities into the United States. The Soviet side also drew attention to what it considers as unjustified, from an economic and security point of view, U.S. restrictions on exports of satellites to the U.S.S.R. for launching on Soviet rocket vehicles, as well as to the Soviet desire for the expedient resolution of problems of access to crosstrade by the Soviet maritime vessels.

The U.S. side noted the Soviet concerns and expressed willingness to continue looking for solutions where possible. The U.S. delegation reviewed the status of pending U.S. trade legislation, noting strong Administration efforts to repeal the embargo on furskins and ensure a non-protectionist trade bill. The U.S. side stated that its antidumping procedures are applied in a transparent and non-discriminatory manner. It also reiterated that U.S. national security policy barred the use of Soviet launching services for Western made satellites.

The Commission noted the larger number of Soviet organizations involved in foreign trade, changed organizational responsibilities, and new opportunities created by the Soviet economic restructuring. The two sides agreed that steps helping potential business partners to be identified and brought together quickly could give a significant boost to trade expansion efforts. The Soviet side agreed to provide and periodically update lists of Soviet organizations and officials with trade authority.

The Soviet side stated that it will ensure timely availability of information on bureaus and officials in the various organizations responsible for trade and technical evaluation needed for identifying and contacting potential business partners. The Soviet side endorsed the U.S. side's proposal to have its Commercial Office publish and together with the U.S.S.R. Chamber of Commerce and Industry distribute to the corresponding organizations and officials a U.S. Commercial Newsletter.

The two sides concurred that further diversification in the structure of trade, including increased trade and commercial cooperation in manufactures consistent with the laws and policies of each country, is desirable.

To aid the expansion of mutually beneficial commerce, the Commission decided to create sectoral working groups in civilian industry sectors where both sides agree that the potential for trade and economic cooperation is high. These working groups would help identify commercial opportunities, facilitate contacts between potential business partners, and eliminate obstacles to the conclusion of mutually beneficial business where that is possible.



It was agreed that Working Groups in the following sectors would be created and meet before the end of the year:

- o Oil and gas equipment
- o Construction equipment
- o Medical equipment and supplies for the medical industry
- o Consumer industry equipment (e.g., for the manufacture of textiles, knitware and apparel, leather and fur goods, and footwear).

[ Believing that tourism and tourism services represent significant potential for expanding mutually beneficial business, the U.S. side encouraged the establishment of a tourism working group for the purpose of facilitating resolution of tourism-related commercial issues, identifying new possibilities for cooperation between U.S. travel suppliers and Soviet organizations in the area of tourism, and possibilities for cooperation, including joint ventures, in the hotel industry. ]

[ The Soviet side stated that the existing organizational forms in tourism correspond to the present character of tourist ties and provide possibilities for their development and improvement. ]

The Commission discussed the course of negotiations between U.S. firms and Soviet organizations on a number of commercial projects, and drew attention to the need to speed up the process of negotiation and conclusion of contracts. The Commission noted that the two leaders at the Washington Summit had agreed that commercially viable joint ventures complying with the laws and regulations of both countries could play a role in the further development of commercial relations. It drew attention to the fact that the first such joint ventures between American firms and Soviet organizations have been concluded.

The two sides agreed that commercially viable joint ventures, including in the form of consortia, be encompassed by the terms and conditions of the Long-Term Agreement Between the United States of America and the Union of Soviet Socialist Republics to Facilitate Economic, Industrial and Technical Cooperation of June 29, 1974. They agreed to sign a Protocol amending the Long Term Agreement to this effect. They also agreed that the scope of the Joint Commercial Commission will encompass new forms of economic cooperation now possible.

The Soviet side proposed that the two sides work out a joint document on the principles and guidelines of bilateral relations in the trade and economic field. The U.S. side said it would examine this proposal closely.

The parties agreed that companies and enterprises should be encouraged to utilize those forms of business organization which best suit the economic interests of the specific organizations as seen by the individuals actually endeavoring to conduct business.

The Commission noted the important role played by the U.S.-U.S.S.R. Trade and Economic Council in the development of bilateral commerce. Both sides expressed their intention to continue to work closely with this organization and support its efforts to develop business relations between American companies and Soviet organizations.

In the course of discussion of the problems of market access, the Soviet side stated its intention to seek to join the GATT as a Contracting Party on agreed conditions proceeding from economic considerations and taking into account the reforms in the management of the U.S.S.R.'s foreign economic relations.

The U.S. side stated that it does not support the entry of the U.S.S.R. into the GATT.

#### TRADE PROMOTION AND BUSINESS FACILITATION

Both sides stated they attach considerable significance to the work of firms and organizations participating in bilateral commerce, and discussed the practical problems these organizations encounter.

Both sides agreed to conduct a series of joint legal seminars to study the legal conditions affecting bilateral commercial cooperation, including legal questions related to investment. The first such seminar is envisioned to be being conducted in the U.S.S.R. in September 1988.

Noting the importance of good business facilities for the expansion of bilateral trade and cooperation, the Commission discussed possibilities for improving operating conditions for the firms of each side, including small and medium-sized firms. Both sides agreed to resume periodic consultations concerning these matters.

The Soviet side presented information on measures it has taken lately to simplify the procedures for issuing entry visas into the U.S.S.R., including multiple visas, for the representatives of business, to simplify procedures for traveling in the territory of the U.S.S.R. for functionaries of foreign missions, the U.S. included, and to open up for visits to previously closed areas. The Soviet side stated that during 1987-88 three American companies had asked for their respective quotas of representatives in Moscow to be increased, and these requests were granted.



The Soviet side expressed hope that the U.S. side would undertake adequate measures with respect to Soviet trade representatives in the United States. In this connection, they stated they had lately had difficulties in the work of Amtorg Trading Corporation and raised the question of increasing the quota of Soviet commercial representatives in the United States by one person in order to send to New York a representative of Vnesheconombank of the U.S.S.R. with the aim of developing cooperation with American banks.

The Commission reviewed plans of each side to expand its program of trade promotion events. The Soviet side presented information about its Exhibition of Soviet Export Goods which will be held in New York City in December, 1988. The U.S. side agreed to provide appropriate support in facilitating the organization of this exhibition.

The U.S. side's intention to expand its trade promotion program in the U.S.S.R. through a program of specialized trade missions, in addition to expositions at Soviet international trade fairs, was welcomed by the Soviet side. The two sides also agreed to cooperate on a program of seminars at the U.S. Commercial Office.

The U.S. side noted that the U.S. Department of Commerce maintains a well-equipped commercial library of information on U.S. companies, products, and services in its Commercial Office located at Ul. Chaykovskogo 15 in Moscow. The U.S. side said that it welcomes visits from Soviet trade and technical personnel interested in commercial contacts with U.S. companies.

The Soviet side welcomed this invitation and stated that with reference to the request of the U.S. side a decision has been taken recently to simplify the procedure for visits to the U.S. Commercial Office in Moscow by representatives of Soviet organizations.

#### CONCLUDING REMARKS

Summing up the results of the present session of the Commission, the parties observed that the expansion of mutually beneficial trade and economic cooperation on a stable basis could contribute to the development of more constructive overall relations between the two countries. They also noted that the expansion of trade was affected in turn by developments in the broader relationship.

Both sides agreed to issue the Joint Statement attached to this Agreed Report summarizing the accomplishments of the Commission and encouraging firms and enterprises to seek an expansion of mutually beneficial commerce. The Heads of the two delegations stated they would inform the business circles of their countries about the results of the Commission and the measures to expand commerce.

The Commission decided to hold its eleventh session in Washington in 1989. The timing and agenda will be agreed upon by the Chairmen of the U.S. and U.S.S.R. sections of the Commission in accordance with the Terms of Reference and Rules of Procedures.

Done at Moscow, April 14, 1988, in two copies, each in the English and Russian languages, both texts being equally authentic.

C. William Verity  
Head of the U.S.  
Delegation to the  
Tenth Session of the  
Joint U.S.-U.S.S.R.  
Commercial Commission

Alexander I. Kachanov  
Head of the U.S.S.R.  
Delegation to the  
Tenth Session of the  
Joint U.S.-U.S.S.R.  
Commercial Commission



PROTOCOL

to the Long-Term Agreement  
between the  
United States of America and  
the Union of Soviet Socialist Republics  
To Facilitate Economic, Industrial and Technical Cooperation  
of June 29, 1974

The Government of the United States of America and the Government of the Union of Soviet Socialist Republics, taking note of the new forms of cooperation which have become possible since the Long-Term Agreement Between the United States of America and the Union of Soviet Socialist Republics to Facilitate Economic, Industrial and Technical Cooperation was concluded on June 29, 1974, and guided by the Joint Summit Statement issued at the conclusion of the Washington summit meeting on December 10, 1987, have agreed that:

- (1) In addition to the forms of cooperation specified in Article II of the Agreement, cooperation covered by the terms of the Long-Term Agreement shall include commercially viable joint ventures and industrial cooperation based on mutually beneficial contracts between firms, enterprises, and other appropriate organizations of the two countries in keeping with established practices and applicable laws and regulations in the respective countries.
- (2) The Joint US-USSR Commercial Commission will monitor the practical implementation of this Protocol and the Long-Term Agreement and develop concrete proposals to achieve the cooperation foreseen therein. The Working Group of Experts will exchange information that will assist the Commission in developing solutions to specific practical issues relating to the implementation of this Protocol and the Long-Term Agreement and will conduct preparatory work for meetings of the Commission.

This Protocol is an integral part of the Long-Term Agreement and enters into force on the date of its signature.

Done at Moscow on April 14, 1988, in duplicate, in the English and Russian languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF THE  
UNION OF SOVIET SOCIALIST  
REPUBLICS:

C. William Verity  
Secretary of Commerce

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