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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 Danzansky re: USSR and GATT (1p)	9/2/88	P-1
2. memo	from S. Danzansky to Colin Powell re: economic part to US-Soviet Communique (1p)	5/10/88	P-1, P-5
3. cable	to Danzansky (3pp)	5/3/88	P-1
4. cover memo	from S. Danzansky to Paul Schott Stevens re: PRG minutes (1p)	4/26/88	P-1
5. minutes	PRG meeting re: US-Soviet economic relations (4pp)	4/25/88	P-1
6. memo	from S. Danzansky to J. Negroponte re: PRG on US-Soviet economic relations, 11 am, Monday, April 25, Situation Room (2pp)	4/22/88	P-1, P-5
7. talking points	(1p)	n.d.	P-1
8. agenda	PRG review meeting, Monday, April 25, 1988 (1p)	n.d.	P-1
9. memo	from S. Danzansky to J. Negroponte re: proposed PRG on US-Soviet economic relations (1p)	4/21/88	P-1
10. memo	from P.S. Stevens to Donald Gregg, James Fierson and Melvyn Levitsky re: PRG meeting on US-Soviet economic relations, 11 am, Monday, April 25, 1988 (1p)	n.d.	P-1
11. agenda	PRG meeting, Monday, April 25, 1988 (1p)	n.d.	P-1
12. memo	from S. Danzansky to C. Powell re: US-Soviet Joint Commercial Commission (JCC) meetings, April 12-14, 1988 (2pp)	3/25/88	P-1, P-5
13. memo with attachment	from P.S. Stevens to D. Gregg, Gerald McKiernan, M. Levitsky ..et al. re: PRg meeting on US-Soviet Joint Commercial Commission, 3:30 pm, March 29 (1p)	n.d.	P-1
COLLECTION: DANZANSKY, STEPHEN I.: Files			db
FILE FOLDER: Soviet Union (US-Soviet Economic Relations) [1 of 3] Box 91819 ^{5, 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].**
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- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].**
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Freedom of Information Act - [5 U.S.C. 552(b)]

- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].**
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].**
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].**
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].**
- C. Closed in accordance with restrictions contained in donor's deed of gift.**

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
14. agenda	PRG meeting, Tuesday, March 29, 1988 (1p)	n.d.	P-1
15. memo	from C. Powell to Chief of Staff re: Joint US-USSR Commercial Commission meeting, Moscow, March 15-16 (2pp)	2/25/88	P-1
16. report	"Overview of US-Soviet Trade Issues fro Joint US-USSR Commercial Commission in Moscow, March 15-16, 1988" (12pp)	n.d.	P-1
17. memo	from S. Danzansky to C. Powell re: US-Soviet economic relations (1p)	3/23/88	P-1
18. issue paper	re: US-Soviet economic relations (2pp)	n.d.	P-1
19. memo	to Eric Melby (1p)	3/9/88	P-1
20. report	(4pp)	3/9/88	P-1
21. memo	from S. Danzansky to C. Powell re: JCC meeting, Moscow, March 15-16 (1p)	2/24/88	P-1
22. memo	from C. Powell to Chief of Staff re: JCC (2pp)	n.d.	P-1
23. report	same as item # 16 (12pp)	n.d.	P-1
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PN 395-542

September 9, 1988

*File: US Direct
Econ.
HTree bank*

Honorable Nicholas Brady
Secretary Designate of the Treasury
U.S. Treasury Department
Washington, D.C.

Dear Mr. Secretary:

On September 22, 1988 our Subcommittee on International Finance, Trade, and Monetary Policy of the House Committee on Banking, Finance, and Urban Affairs is holding hearings on loans to the Soviet Union and Communist countries. Prior to the hearings, we would like your Department to supply us with a factual basis for our proceedings, namely an accounting of the Western loans to the Soviet Union and Communist countries over recent years and the terms of these loans. We are especially interested in the U.S. and other Western country loans to the Soviet Union by private banks and governments. We shall be probing the question of "tied" and "untied" loans as well as the possibility of preferential terms. While this information is directly available to your staff and has been included in excellent Treasury testimony in the past, we would like you to give special attention to the data collected by the OECD unit on financial institutions. From these hearings, we will be exploring the legislative and policy options open to the Congress.

Please have your staff contact my subcommittee staff director, William C. Danvers at 225-1271, at your earliest convenience.

Sincerely,

Charles E. Schumer
Charles E. Schumer
Member of Congress

Robert Garcia
Robert Garcia
Chairman

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

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.

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 and conduct preparatory work for meetings of the Commission.

- Established Joint Commission working groups to identify opportunities and eliminate obstacles to the development of business in the fields of oil and gas equipment, construction equipment, medical equipment and supplies for the medical industry, and consumer industry.
- 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

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:


C. William Verity
Secretary of Commerce

FOR THE GOVERNMENT OF THE
UNION OF SOVIET
SOCIALIST REPUBLICS:


Alexander I. Kachanov
First Deputy Minister
of Foreign Economic
Relations

Econ Relations (10&3)
Danzansky

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CONCRETE STEPS TO BE TAKEN BY THE
JOINT US-USSR COMMERCIAL COMMISSION
- TO EXPAND US-SOVIET TRADE AND ECONOMIC RELATIONS

PROPOSED BY THE U.S. DELEGATION TO THE
US-USSR WORKING GROUP OF EXPERTS
FEBRUARY 18-19, 1988

The U.S. delegation stressed the relationship between trade and the overall bilateral relationship, stating its hope that further improvements in other aspects of the relationship would be such as to permit fundamental improvements in the underlying conditions for trade relations. The delegation drew particular attention to the U.S. policy of the relationship between MFN and emigration.

Within the context of the overall relationship, the U.S. delegation expressed the strong interest of the U.S. side in increasing mutually beneficial bilateral trade and economic relations. The delegation pointed to the Summit Statement's instructions to the Joint Commission to develop concrete ways of expanding trade and economic relations.

In pursuit of this objective, the U.S. delegation proposed that the 10th session of the US-USSR Joint Commercial Commission agree on a series of specific steps that would improve the conditions and prospects for doing business in the USSR. The delegation expressed its interests in further steps to create a business climate which would allow viable contracts or joint venture agreements in non-strategic areas to be signed. In addition, the delegation noted the strong U.S. business interest in seeing the Soviet side focus on concluding some long-standing contract negotiations that have been underway with U.S. firms.

The U.S. delegation proposed agreement on the following concrete measures:

Improving Marketing Access and Information.

The the Soviet side would agree to establish mechanisms creating a greater marketing transparency. In particular, the U.S. seeks: (1) an information clearing center on the specific import requirements of Soviet entities having decentralized importing authority; (2) information sufficient to allow U.S. companies to reach the holders of key trade positions in the reorganized Soviet trade structure; and (3) Soviet endorsement of a U.S. "Commercial Newsletter" to be sent to those individuals on a periodic basis.

1) Info on
Input Request of 70 self-bring
decentralized import until

2) Info on
US newsletter

3) new gaps in trade

As the Soviet trade structure changes, a central trade information center of import requirements would benefit both sides. A greater number of U.S. and other companies would be able to more readily determine what products and services Soviet enterprises wanted to import. Soviet enterprises would find more bidders as a result, meaning more competition and lower prices. The central trade information center would have have no role in trade decisions. It would be only a depository of information. The U.S. side provided a copy of the "Commerce Business Daily" as an example of a central information source on U.S. government contracts.

Provision of lists of Soviet trade decision makers and official endorsement of a commercial newsletter would greatly improve the ability of U.S. companies to offer their products in the Soviet market, improving their business prospects and also improving the prospects that Soviet buyers would find better products at better prices. Copies of U.S. Commercial Newsletters distributed in other countries were provided to the Soviet delegation.

Initiating a Trade Missions Program.

3036

The United States would initiate a program of trade missions and company seminars in the USSR in non-strategic areas of interest to both countries. The Soviet side would agree to facilitate this program by providing appropriate assistance to help the missions identify and meet prospective business partners.

Establishing High Potential Sectoral Working Groups.

Both sides would agree to establish sectoral working groups to expand trade in peaceful industry sectors where both agree the potential for trade and economic cooperation is highest. These groups would provide a continuing means of following up on business proposals and identifying particular trade prospects. They would facilitate the prospects of buyers and sellers establishing contact, and would help reduce time delays and problems that have delayed the completion of business arrangements. The U.S. delegation proposes that the first groups be established in food processing, energy equipment, construction equipment, and medical equipment.

4 hours
w/steve
Bal...
energy
equipment
medical

Forming a Tourism Working Group.

Believing that tourism in the USSR represents significant potential for expanding mutually beneficial business, both sides would agree to establish a tourism working group under the JCC for the purpose of facilitating resolution of tourism-related commercial issues. Such a working group could open new possibilities for cooperation between U.S. travel suppliers and Soviet organizations in the area of tourism in the USSR. Subjects could also include possibilities for cooperation with U.S. hotel corporations. The group could also explore joint venture opportunities between Soviet organizations and U.S. hotel firms and other firms in the tourism industry.

Facilitating Use of the US Commercial Office in Moscow.

The Soviet side would agree to encourage Soviet trade executives and end users to utilize the facilities of the U.S. Commercial Office (USCO) in Moscow. USCO maintains a well equipped commercial library containing commercial directories and other information on products and services available from U.S. companies. Entry to USCO is presently barred by police unless visitors have specific authorization. The U.S. delegation seeks Soviet agreement to have open access to USCO with no authorization needed, and also seeks an open letter to the Soviet trading community from Chairman Kamentsev or Minister Katushev encouraging them to visit and use the USCO facilities -- to find U.S. suppliers, but also to find prospective U.S. customers as well.

In addition, the U.S. delegation seeks the agreement of the Soviet side that the State Committee on Science and Technology (GKNT) will cooperate fully in providing the necessary facilitation assistance to single company shows and seminars at USCO. The Foreign Trade Ministry has provided the support agreed at earlier JCC meetings, but GKNT has not, despite repeated requests. Lack of such support, particularly GKNT's encouragement of end users to visit the shows and seminars, is a significant obstacle to the successful use of USCO.

Improving Business Facilities..

The Soviet side would agree to take steps to improve business facilities for U.S. companies operating in the USSR. U.S. companies, like other Western firms, face high rents and phone bills, difficulties in being able to hire personnel, problems with office space, and other impediments. Soviet efforts to improve the work environment for U.S. firms could aid considerably in facilitating bilateral business.

Creating a Working Group on Foreign Investment In USSR.

Both sides would agree to create a joint working group to study the conditions affecting foreign investment in the USSR, including joint ventures. The Soviet joint venture law opens up new opportunities in nonstrategic commerce, but also raises questions of uncertainty, and hence risk. The Working Group would be comprised of government and industry representatives from both countries. It would explore incentives and impediments associated with foreign investment in the USSR, and would focus on the conditions for safeguards in areas such as dispute settlement and intellectual property rights protection.

Establishing a Joint US-USSR Legal Seminar Series on Business Law.

Both sides would agree to establish a legal seminar involving government and private lawyers from both countries. The ongoing reform of the USSR's foreign trade sector as well as the domestic economy will significantly change the forms and methods of doing business for Western companies. The goal would be a greater understanding of the practical legal aspects of business dealings between U.S. firms and the USSR. The first US-Soviet seminar would be proposed for mid 1988.

Explaining Trade Reform Measures. The U.S. delegation seeks a discussion at the JCC regarding the Soviet trade reform measures. The U.S. side seeks details on the functioning of the entities that are obtaining foreign trade rights, and how these entities will relate to the Foreign Economic Commission, the Ministry of Foreign Economic Relations, and other government entities. The U.S. delegation seeks to understand the scope of the reforms, and to learn the extent to which Soviet enterprises will be permitted to contract directly with foreign suppliers and customers. The U.S. side also seeks to ascertain how restraints on trade will be imposed. For example, would import restraints be for balance of payments or other internationally recognized reasons only? Would restraints be in a fully transparent manner?



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2/11/88

Soviet delegation to Experts Meeting beginning Feb. 18

Yury Znamensky, First Dep Chief of Division for Cap and Develop Countries, State Foreign Economic Commission

Nikolay Zinoviev, Administration Chief, Ministry of Foreign Economic Relations

Vladimir Akulin, Advisor, USA Dept., Ministry of Foreign Affairs

Alexander Komarov, Dep Chief of Legal Department, Ministry of Foreign Economic Relations

Vladimir Mordasov, Dep Chief, Main Engineering and Technical Administration, Ministry of Foreign Economic Relations

Aleksey Volkov, Senior Secretary, Secretary of Joint U.S.-Soviet Commission on Fisheries, Ministry of Fisheries



Tentative U.S. Delegation to JCC

Commerce

Secretary Verity, Chairman
Under Secretary Donna Tuttle
Acting Under Secretary Paul Freedenberg
Assistant Secretary Louis Laun
Deputy Assistant Secretary Frank Vargo

State

Under Secretary Allen Wallis
EUR/SOV - Robert Clarke

USTR

AUSTR James Murphy

NSC

Stephen Danzansky
Robert Dean



Draft JCC Agenda

March 15

- AM -- JCC Plenary chaired by Secretary Verity and Minister Katushev. Kamentsev, Deputy Chairman of the Council of Ministers and Chairman, Foreign Economic Commission, will open session.
- PM -- JCC Working Session. Louis Laun will chair U.S. delegation

March 16

- AM -- [USTEC Plenary
Secretary Verity and Minister Katushev will speak.]
- PM -- JCC Plenary -- Closing Session
Dinner hosted by Gorbachev for JCC and USTEC delegations.