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3. report	re: Progress on Perestroika (1p) <i>Folder 2</i>	n.d.	P-1
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JOINT U.S.-U.S.S.R. COMMERCIAL COMMISSION (JCC)

Soviet leaders and President Nixon agreed to establish on May 26, 1972 a U.S.-U.S.S.R. Commercial Commission to promote mutually beneficial commercial relations between the United States and the U.S.S.R. The terms of reference and rules of procedure of the Joint U.S.-U.S.S.R. Commercial Commission were signed by Peter G. Peterson, Chairman, American section of the Joint U.S.-U.S.S.R. Commercial Commission, and by Nikolai S. Patolichev, chairman, Soviet section of the Joint U.S.-U.S.S.R. Commercial Commission.

1st Session

Moscow, July 20 - August 1, 1972

U.S. Delegation headed by Peter G. Peterson, Secretary of Commerce

U.S.S.R. Delegation headed by N.S. Patolichev, Minister of Foreign Trade

Major Items: Trade Agreement (MFN, business facilitation, arbitration mechanism); U.S.-U.S.S.R. participation in industrial projects and reciprocal availability of credits; licenses, patents, copyrights; settlement of Lend Lease, and reciprocal availability of credits; shipping arrangements.

Agreements Reached: Terms of reference and rules of procedure for the JCC.

2nd Session

Washington, October 12-18, 1972

U.S. Delegation headed by Peter G. Peterson, Secretary of Commerce

U.S.S.R. Delegation headed by N.S. Patolichev, Minister of Foreign Trade

Major Items: Trade Agreement (MFN, business facilitation, market disruption, arbitration mechanism); settlement of Lend Lease; reciprocal availability of credits; U.S.-U.S.S.R. participation in industrial projects; licenses, patents, copyrights, taxation; development of natural gas deposits in the U.S.S.R.

Agreements Reached: Maritime Agreement (10/14/72); Trade Agreement (10/18/72); Exchanges of Letters on: Export Financing; Accreditation of American Firms; Establishment of a Soviet KAMA; Purchasing Commission in the United States, (10/18/72); Lend-Lease Settlement (10/18/72).

3rd Session

Moscow, October 1-3, 1973

U.S. Delegation headed by George P. Shultz, Secretary of Treasury

U.S.S.R. Delegation headed by N.S. Patolichev, Minister of Foreign Trade

Major Items: Status of U.S.-U.S.S.R. trade and economic relations; status of reciprocal business facilitation in the United States and U.S.S.R.; project financing; U.S.-U.S.S.R. participation in industrial projects (natural gas-LNG, power-consuming production facilities, other projects); status of Joint U.S.-Soviet Trade Economic Council; inauguration of U.S. Commercial Office in Moscow and U.S.S.R. Trade Representation in Washington. Soviets Transmit draft of Long-Term Economic Cooperation Agreement.

Agreements Reached: None.

4th Session

Washington, May 21-22, 1974

U.S. Delegation headed by William E. Simon, Secretary of Treasury; Frederick B. Dent, Secretary of Commerce, vice chairman

U.S.S.R. Delegation headed by Mikhail R. Kuzmin, Acting Minister of Foreign Trade

Major Items: State of affairs in U.S.-U.S.S.R. trade and economic relations; long-term economic, industrial and technical cooperation; state of negotiations on major projects and financing; business facilitation, bilateral airworthiness agreement, status of convention on double taxation.

Agreements Reached: The JCC endorsed the draft long-term agreement to facilitate economic, industrial and technical cooperation and recommended its conclusion. (It was signed in June 1974 at the 2nd Moscow Summit.)

5th Session

Moscow, April 10-11, 1975

U.S. Delegation headed by William S. Simon, Secretary of Treasury

U.S.S.R. Delegation headed by N.S. Patolichev, Minister of Foreign Trade

Major Items: Status and prospects of U.S.-U.S.S.R. trade and economic relations; implementation of the Long-Term Agreement (results of the first meeting of the Experts' Working Group); major projects and financing; business facilitation; construction in Moscow of a "Center for International Trade, Scientific and Technical Ties with Foreign Countries"; issuance of visas; activities of U.S.-U.S.S.R. Trade and Economic Council; status of double taxation conventions airworthiness discussions.

Agreements Reached: Formal - None.

6th Session

Washington, June 9-10, 1977

U.S. Delegation headed by W. Michael Blumenthal, Secretary of Treasury; Juanita M. Kreps, Secretary of Commerce, vice chairman

U.S.S.R. Delegation headed by N.S. Patolichev, Minister of Foreign Trade

Major Items: Status and prospects of U.S.-U.S.S.R. trade and economic relations; implementation of Long-Term Agreement (results of 2nd meeting of the Experts Working Group); major projects and financing; business facilitation; multiple entry/exit visas; accreditation of U.S. firms.

Agreements Reached: None.

7th Session

Moscow, December 4-5, 1978

U.S. Delegation headed by W. Michael Blumenthal, Secretary of Treasury; Juanita M. Kreps, Secretary of Commerce, vice chairman

U.S.S.R. Delegation headed by M.R. Kuzmin, First Deputy Minister of Foreign Trade

Major Items: Status and prospects of U.S.S.R. trade and economic relations; implementation of Long-Term Agreement (results of 3rd meeting of the Exports Working Group); major projects and financing; business facilitation; activities of the U.S.-U.S.S.R. Trade and Economic Council.

Agreements Reached: None.

8th Session

Moscow, May 20-21, 1985

U.S. Delegation headed by Malcolm Baldrige, Secretary of
Commerce

U.S.S.R. Delegation headed by N.R. Patolichev, Minister of
Foreign Trade

Major Items: Reestablishment of regular mechanism for trade discussions; improved access for U.S. companies to Soviet market; decisions to restart trade promotion and seek legislation lifting furskin embargo; status and prospects of U.S.-U.S.S.R. trade; business facilitation; opportunities for expansion of trade, including projects.

Agreements Reached: Agreement to begin export promotion programs and to facilitate each other's promotion programs. Soviets to place U.S. companies on purchasing bid lists, best efforts to remove U.S. embargo on Soviet furskins.

9th Session

Washington, December 4-5, 1986

U.S. Delegation headed by Malcolm Baldrige, Secretary of
Commerce

U.S.S.R. Delegation headed by Boris Aristov, Minister of
Foreign Trade

Major Items: Current level of trade and prospects for expansion, especially in non-strategic areas; Sales seminars at U.S. Commercial Office; Soviet plans for new forms of cooperation with Western companies; Soviet nickel imports; Soviet purchase obligations under the U.S.-U.S.S.R. Long Term Grain Agreement; Developing a list of selected projects in industries with good prospects for expansion.

Agreements Reached: Agreement in principle to end embargo of Soviet nickel imports. Soviets agreed to support U.S. sales seminars at U.S. Commercial Office.

Drafted by JBrougher/OESSA/EUR/Commerce

Cleared by Richard Johnson/Richard Jones/State Department



AGREED REPORT
OF THE NINTH SESSION OF THE
JOINT U.S.*U.S.S.R. COMMERCIAL COMMISSION

The Ninth Session of the Joint U.S.*U.S.S.R. Commercial Commission, established by a joint communique in May 1972, was held in Washington on December 4*5, 1986. Malcolm Baldrige, United States Secretary of Commerce, headed the U.S. delegation and presided over the session. The Soviet delegation was headed by Boris Aristov, Minister of Foreign Trade of the U.S.S.R.

During the work of the Commission, Minister Aristov was received by: President Reagan, Secretary of State Shultz, Secretary of the Treasury Baker, Secretary of Agriculture Lyng, and U.S. Trade Representative Yeutter. Minister Aristov also had talks with Senate Majority Leader Robert Dole and Representatives Douglas Bereuter and Cooper Evans. The meetings included constructive discussions regarding the prospects for expanding U.S.*Soviet trade and economic relations.

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

The Commission discussed the following agenda:

1. Status and Prospects for Trade
2. Report of the Working Group of Experts
3. Trade Expansion, Including Projects and
New Forms of Economic Cooperation
4. Business Facilitation

STATUS AND PROSPECTS FOR TRADE

The Commission session opened with presentations by the co-chairmen, who expressed the interest of both governments in further developing trade within the legal framework existing in both countries. Reviewing the status of bilateral economic relations since the 1985 session of the Commission, they agreed that the volume of Soviet-American trade was not satisfactory to either side and that, where possible, additional steps should be taken to expand trade.

Both agreed that the continuation of an official trade dialogue through regular meetings of the Joint Commercial Commission and the Working Group of Experts had been a positive step. There had been some positive results, but both agreed that the major obstacles to a significant increase in mutual trade were still intact. At the same time, both expressed the intention to work toward solving bilateral trade problems where that was possible.

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.

Having stated the differences in their approaches to mutual trade, both sides agreed that trade is an aspect of the bilateral relationship which can contribute to building trust and better working relations between the two countries.

Both sides took note of the fact that bilateral trade had declined substantially, due to a large drop in shipments of U.S. grain to the U.S.S.R.. U.S. exports of manufactured goods to the U.S.S.R. were 17 percent larger than last year, but this was not enough to keep total U.S. exports to the Soviet Union this year from declining 40 percent from last year, to an annual rate of \$1.5 billion. The Soviet delegation noted that two-way trade continues to be imbalanced in favor of the United States and stated that prospects for purchasing American products will be determined largely by the volume of Soviet exports to the United States.

Both sides discussed the operation of the Long Term Grain Agreement, and exchanged views on their respective positions.

REPORT OF THE WORKING GROUP OF EXPERTS

Under Secretary of Commerce Smart presented the report of the Fifth Session of the Working Group of Experts, which he and First Deputy Minister of Foreign Trade Malkevich had co+chaired December 1 and 2, 1986.

The Commission observed that the Working Group of Experts was performing useful work in exchanging information that assisted both business communities in finding areas of cooperation for concluding mutually-beneficial contracts. It noted that the Working Group had particularly discussed information provided by the U.S.S.R. delegation on the radical modernization of the U.S.S.R.'s international economic system, including the planned wide application of new forms of economic cooperation.

The Commission agreed the Working Group of Experts should increase further its contribution to the work of the Commission. The Commission decided that the Sixth Session of the Working Group of Experts would be held in Moscow in 1987, on a date to be decided by the Commission Co+chairmen.

TRADE EXPANSION, INCLUDING PROJECTS AND NEW FORMS OF
ECONOMIC COOPERATION

Both sides agreed that there are opportunities for expanding mutual trade within existing conditions.

The Commission discussed recent changes in the Soviet foreign trade structure, focusing on the effect these changes could have on U.S. companies doing business in the U.S.S.R. The Soviet side presented information on the reorganization of international economic functions, and stated that in January 1987 some Soviet Ministries, State Committees, and scientific and industrial enterprises would have direct access to the world market. One of the major goals of the measures being implemented in the U.S.S.R. is the improvement of economic mechanisms and the development of Soviet exports. The Soviet delegation noted that it expects legislation governing the new forms of economic cooperation to be adopted in the near future .

The U.S. side listened to these reports with interest. Both sides agreed these new steps could be highly important to the development of relations between U.S. and Soviet business enterprises. The Commission decided to continue discussing these developments in the course of working level contacts. The Soviet side will hand over additional information to the U.S. side about U.S.S.R. regulations on new forms of economic cooperation as soon as the appropriate legislation is adopted.

Both sides considered the course of progress in concluding projects in areas of possible cooperation between Soviet and American firms and organizations, which had been proposed before, during, and after the 1985 session of the Commission. They noted that positive developments included increased American business access to Soviet officials and an increase in bid inquiries to U.S. firms. They also noted that the actual signing of contracts had been less than either side found desirable, and both sides agreed to intensify their activity in identifying and facilitating the realization of projects of mutual interest.

The U.S. side explained that, pursuant to the agreement of both sides at the 1985 Commission session to take steps to remove trade obstacles, it had introduced legislation to repeal the embargo on Soviet furskins. The bill had not come to a vote in the Senate, which adjourned without adopting any trade bills. The U.S. side stated that the bill will be reintroduced and its early passage sought. The Soviet side took note of this information. At the same time, it stated that there are some other obstacles in the way of Soviet exports to the United States which it would like to see eliminated. Both sides agreed to work for mutually acceptable solutions compatible with the laws and policies of each. The situation with respect to urea was particularly noted.

Both sides stated that they had reached agreement in principle on a solution which would enable the export of nickel from the Soviet Union to the United States.

The Commission took note of the contribution to the development of mutual trade being made by the U.S.-U.S.S.R. Trade and Economic Council, Inc. Both sides observed that contacts between representatives of the two sides with the Council had intensified lately. The Commission commended the work of the Council and noted the upcoming tenth anniversary meeting as proof of the Council's value.

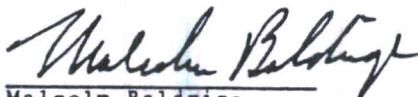
BUSINESS FACILITATION

The Commission agreed that the 1985 Session had resulted in some improvement in conditions for enterprises engaged in bilateral trade, and that some problems these enterprises had been facing in both countries had been reduced. This was due, they agreed, in large part to the efforts of the Soviet Ministry of Foreign Trade and the U.S. Department of Commerce -- notably by the related letters the Minister and the Secretary had addressed to their respective business communities recommending increased efforts to expand mutual trade.

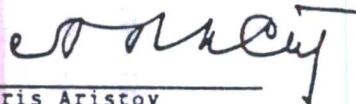
Both sides stated that in the course of bilateral consultations resulting from the last Session, it appeared that there were limits to the assistance that could be provided to non-accredited U.S. firms in the U.S.S.R. Both agreed, however, to continue bilateral business consultations on ways to improve operations for all firms.

The Commission decided to hold its tenth session in Moscow in 1987. The agenda and specific dates 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 Procedure.

Done in Washington, D.C., December 5, 1986, in two copies, each in the English and Russian languages, both texts being equally authentic.



Malcolm Baldrige
Head of the U.S.
Delegation to the
Ninth Session of the
Joint U.S.-U.S.S.R.
Commercial Commission



Boris Aristov
Head of the U.S.S.R.
Delegation to the
Ninth Session of the
Joint U.S.-U.S.S.R.
Commercial Commission



U.S. DELEGATION
TO THE NINTH SESSION OF THE
JOINT U.S.+U.S.S.R. COMMERCIAL COMMISSION

December 4 * 5, 1986
Washington, D.C.

Malcolm Baldrige	Secretary of Commerce, Head of Delegation, and Co-chairman
Arthur Hartman	United States Ambassador to the Soviet Union
Allen Wallis	Under Secretary of State for Economic Affairs
Bruce Smart	Under Secretary of Commerce for International Trade
Daniel Amstutz	Under Secretary of Agriculture for International Affairs and Commodity Programs
Louis Laun	Assistant Secretary of Commerce for International Economic Policy
Paul Freedenberg	Assistant Secretary of Commerce for Trade Administration
June Koch	Assistant Secretary of Housing and Urban Development
Stephen Danzansky	Senior Director for International Economic Policy National Security Council
Robert Cornell	Deputy Assistant Secretary of Treasury
Franklin J. Vargo	Deputy Assistant Secretary of Commerce for Europe Executive Secretary of the U.S. Section
George Hambleton	Deputy Assistant Secretary of Commerce for the U.S. & Foreign Commercial Service
Gilbert Kaplan	Deputy Assistant Secretary of Commerce for Import Administration
James R. Phillips	Deputy Assistant Secretary of Commerce for Capital Goods and International Construction
Carmen Suro*Bradie	Deputy Assistant U.S. Trade Representative for Europe and the Mediterranean

+2+

Susanne S. Lotarski	Director, Office of Eastern European and Soviet Affairs Department of Commerce
David Edgell	Director, Office of Policy & Planning U.S. Travel & Tourism Administration
James Griffin	Director, Office of East-West Economic Policy Department of Treasury
Michael Mears	Commercial Counselor U.S. Embassy in Moscow
Elliot Hurwitz	Special Assistant to the Under Secretary of State for Economic Affairs
Robert Clarke	Deputy Director, Office of Soviet Affairs Department of State
Kevin J. McGuire	Chief, Developed Countries Trade Division, Bureau of Economic and Business Affairs Department of State
John F. Brougher	Director, USSR Division Department of Commerce
Lyle Sebranek	Division Director Department of Agriculture



U.S.S.R. DELEGATION
TO THE NINTH SESSION OF THE
U.S. * U.S.S.R. COMMERCIAL COMMISSION

December 4 * 5, 1986
Washington, D.C.

B.I. ARISTOV	Minister of Foreign Trade, Head of the Delegation and Co-Chairman
U.V. DUBININ	U.S.S.R. Ambassador to the U.S.A.
V.L. MALKEVICH	First Deputy Minister of Foreign Trade
A.S. MASLOV	Deputy Chairman, Bank of Foreign Trade
B.N. SCHEGOLEV	Chief of Section, U.S.S.R. GOSPLAN
U.A. ZNAMENSKIY	First Deputy Chief of the Section, State Foreign Economic Commission of the U.S.S.R.
O.V. KOZHEVNIKOV	Trade Representative of the U.S.S.R. in the U.S.A.
U.A. KISLENKO	Chief, Main Engineering and Technical Administration, Ministry of Foreign Trade
N.V. ZINOVYEV	Chief, Administration for Trade with the countries of America, Ministry of Foreign Trade
G.N. ZUBOV	Chief, Treaty and Legal Administration, Ministry of Foreign Trade
A.V. MELNIKOV	Deputy Trade Representative of the U.S.S.R. in the U.S.A.
V.V. OVCHAROV	Assistant to the Minister of Foreign Trade
V.P. SOROKIN	Counsellor, U.S.S.R. Embassy to the U.S.A.
A.A. PLAVINSKIY	Acting Secretary of the Joint U.S.*U.S.S.R. Commercial Commission

Experts of the Delegation

U.D. SCHERBINA	Chairman, "AMTORG Trading Corporation"
N.L. DVORETS	Chief Specialist of Section, U.S.S.R. GOSPLAN
V.A. AKULIN	First Secretary, US and Canada Department, Ministry of Foreign Affairs of the U.S.S.R.
R.G. TOMBERG	Chief of the Section, State Committee for External Economic Relations
P.S. SMIRNOV	Chief of the Section, Treaty and Legal Administration, Ministry of Foreign Trade
N.P. KRASAVIN	Acting Chief of the Section, Protocol Administration, Ministry of Foreign Trade
A.A. ZELENOV	Assistant to the Deputy Minister of Foreign Trade
S.V. VYALIKOV	Secretary of the Delegation
A.Y. GODAKOV	Expert, Administration for Trade with the countries of America, Ministry of Foreign Trade
I.N. KONDAKOV	Chief of Economic Section, U.S.S.R. Trade Representation in the U.S.A.
V.T. BAZHIN	Chief of the Section, U.S.S.R. Trade Representation in the U.S.A.
Y.V. ZHELTKOV	Senior Economist, U.S.S.R. Trade Representation in the U.S.A.
A.I. IVANOV	Senior Economist, U.S.S.R. Trade Representation in the U.S.A.
V.V. PONOMAREV	Senior Economist, U.S.S.R. Trade Representation in the U.S.A.
S.N. VOSKRESENSKAYA	Typist
U.A. ANDREEV	Interpreter

BB. 10th session
Panzensky

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AGENDA AND SCENARIOS

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 - 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
Acting Minister Kachanov

PHOTO OPPORTUNITY (10 min.)

INTRODUCTORY REMARKS

Chairman Kamentsev or Acting Minister Kachanov welcomes U.S. delegation; introduces Soviet delegation (10 min.)
Secretary Verity responds and introduces U.S. delegation (10 min.)

Acting Minister Kachanov proposes agenda and invites Secretary Verity to present his remarks (5 min.)

OPENING STATEMENTS

Secretary Verity confirms agenda and presents U.S. view on the status and prospects for U.S.-U.S.S.R. trade (15 min.)
Acting Minister Kachanov presents Soviet view of the bilateral trade relationship and invites Ambassador Matlock and Under Secretary Wallis to speak (10 min.)

Ambassador Matlock delivers his remarks (5 min.)

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

Secretary Verity responds (5 min.)
Acting 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.)
Acting Assistant Secretary Moore comments on the results of the Working Group from the U.S. perspective (5 min.)

CONCLUDING COMMENTS

Secretary Verity comments on review of bilateral trade relationship (5 min.)
Acting Minister Kachanov recesses opening session and invites delegation to luncheon (5 min.)

SECOND SESSION

2:30 - 5:00 p.m.

Tuesday, April 12, 1988

Room 1603, International Trade Center, Mezhdunarodnaya Hotel

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

(SIMULTANEOUS TRANSLATION)

Co-chaired by: Y.U. Chumakov, Deputy Minister for Foreign
Economic Relations
Acting Assistant Secretary Moore

TRADE EXPANSION, MARKET ACCESS & NEW FORMS OF ECONOMIC
COOPERATION

Mr. Znamenskiy presents Soviet statement, covering new forms of
cooperation, impediments to Soviet exports (25 min.)

Acting Assistant Secretary Moore responds, raising creation of
working groups, legal seminars, and market information
(20 min.)

Discussion (20 min.)

Break (15-20 min.)

TRADE PROMOTION AND BUSINESS FACILITATION

Acting Assistant Secretary Moore delivers statement on trade
missions, USCO seminars and facilities for accredited and
non-accredited U.S. companies (10 min.)

Soviet side makes presentation on business facilitation for
Soviet enterprises in the United States, including Soviet
exhibition in New York (20 min.)

Discussion (20 min.)

CLOSING SESSION

9:30 - 10:15 a.m.

Thursday, April 14, 1988

Room 1603, International Trade Center, Mezhdunarodnaya Hotel

(SIMULTANEOUS TRANSLATION)

Co-chaired by: Secretary Verity
Acting Minister Kachanov

CLOSING STATEMENTS

Secretary Verity delivers closing statement for U.S. side
(15 min.)

Acting Minister Kachanov delivers closing statement for Soviet
side (15 min.)

Secretary Verity invites Soviets to United States for 11th
Session of the JCC (3 min.)

Acting Minister Kachanov accepts next meeting of the JCC
and invites Commission members to move to an adjacent
room to witness the Signing Ceremony (3 min.)

SIGNING CEREMONY

10:15 - 10:30 a.m.

Thursday, April 14, 1988

(SEQUENTIAL TRANSLATION)

Scenario

Secretary Verity and Acting Minister Kachanov will be seated together to sign the Agreed Report of the Tenth Session of the Joint Commercial Commission. The two Executive Secretaries of the Commission will assist with the signing ceremony.

Press will be present to photograph the signing. After the signing and handshaking, the signing ceremony is concluded.

JCC DELEGATIONS



U.S. DELEGATION
TO THE TENTH SESSION OF THE
JOINT U.S.-U.S.S.R. COMMERCIAL COMMISSION
APRIL 12-14, 1988
MOSCOW, U.S.S.R.

Jack Matlock	United States Ambassador to the Soviet Union
C. William Verity	Secretary of Commerce, Head of Delegation and Co-Chairman of 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 Staff 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, National Security Council
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 Department 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 in 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. Travel
& 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

A list of the Soviet Delegation
will be provided in Moscow.

OPENING SESSION

10:00 - 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
Acting Minister Kachanov

PHOTO OPPORTUNITY (10 min.)

INTRODUCTORY REMARKS

Chairman Kamentsev or Acting Minister Kachanov welcomes U.S. delegation; introduces Soviet delegation (10 min.)
Secretary Verity responds and introduces U.S. delegation (10 min.)

Acting Minister Kachanov proposes agenda and invites Secretary Verity to present his remarks (5 min.)

OPENING STATEMENTS

Secretary Verity confirms agenda and presents U.S. view on the status and prospects for U.S.-U.S.S.R. trade (15 min.)
Acting Minister Kachanov presents Soviet view of the bilateral trade relationship and invites Ambassador Matlock and Under Secretary Wallis to speak (10 min.)

Ambassador Matlock delivers his remarks (5 min.)

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

Secretary Verity responds (5 min.)
Acting 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.)
Acting Assistant Secretary Moore comments on the results of the Working Group from the U.S. perspective (5 min.)

CONCLUDING COMMENTS

Secretary Verity comments on review of bilateral trade relationship (5 min.)
Acting Minister Kachanov recesses opening session and invites delegation to luncheon (5 min.)

"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, MINISTER KATUSHEV, 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 -- AND I ALSO EXPERIENCED FIRST HAND 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 PROBLEMS AND OPPORTUNITIES 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 THE PRESIDENT'S CABINET, I HAVE SEEN TRADE FROM THE PERSPECTIVE OF ITS ROLE AS AN IMPORTANT COMPONENT OF THE OVERALL RELATIONSHIP BETWEEN THE TWO MOST POWERFUL COUNTRIES IN THE WORLD.

HAVING HAD THE BENEFIT OF THESE THREE PERSPECTIVES PUTS ME IN A UNIQUE POSITION TO CONSIDER STEPS TO MOVE OUR ECONOMIC RELATIONS FORWARD IN A REALISTIC AND APPROPRIATE WAY.

I AM ALSO PARTICULARLY 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 KATUSHEV: 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 IMPLEMENTED 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 FUNDAMENTAL HUMAN RIGHT RECOGNIZED BY ALL SIGNATORIES OF THE HELSINKI ACCORDS.

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 HAVE BEEN SIGNIFICANT ACCOMPLISHMENTS IN THE AREA OF HUMAN RIGHTS AND EMIGRATION. I DEEPLY HOPE THAT THESE ACCOMPLISHMENTS WILL LEAD TO A GREAT DEAL MORE.

THE LARGER CONTEXT OF THIS COMMISSION SESSION THUS REMINDS US THAT PROGRESS IN THE BROADER ISSUES OF OUR TRADE MUST PARALLEL GAINS IN OTHER ASPECTS OF OUR RELATIONSHIP. THE IMMEDIATE CONTEXT TELLS US THAT THERE ARE NEVERTHELESS 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 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 AND A SUSTAINED AND STABLE EXPANSION OF PEACEFUL TRADE.

MR. MINISTER, 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 DEAL WITH THEM.

WHAT THEN ARE THE COMMERCIAL AND ECONOMIC BARRIERS AND HOW CAN WE OVERCOME THEM? FROM OUR PERSPECTIVE MOST OBSTACLES HAVE BEEN ON THE SOVIET SIDE, BUT OF COURSE WE WILL ALSO LISTEN ATTENTIVELY TO YOUR PERSPECTIVE.

IN THE PAST, THE SOVIET UNION'S CENTRALIZED SYSTEM OF ECONOMIC PLANNING CONCENTRATED ALMOST ENTIRELY ON DOMESTIC REQUIREMENTS RATHER THAN 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, AND WHEN THEY DID, NEGOTIATIONS OFTEN HAD TO BE CONDUCTED THROUGH AN INTERMEDIARY.

THIS WAS AN EXTREMELY LENGTHY AND INEFFICIENT PROCESS. TO ILLUSTRATE, 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 ARE IMPORTANT STEPS THAT ADDRESS SOME OF THE BASIC ECONOMIC REASONS WHY TRADE IN MANUFACTURED GOODS HAS BEEN SO LOW, NOT JUST WITH THE 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. AMERICAN FIRMS AND WORKERS HAVE BEEN TAKING SIGNIFICANT STEPS TO IMPROVE U.S. COMPETITIVENESS. UNPROFITABLE OPERATIONS HAVE BEEN DISCONTINUED, OVERHEAD SLASHED, AND INVESTMENT IN NECESSARY PLANT AND EQUIPMENT INCREASED.

FOR THE GOVERNMENT'S PART, WE HAVE DEMONSTRATED THE RESOLVE TO BRING INFLATION UNDER CONTROL, AND HAVE ESTABLISHED AN ENVIRONMENT FAVORING RATIONAL ECONOMIC BEHAVIOR. KEY INDICATORS OF U.S. COMPETITIVENESS BEGAN A DRAMATIC IMPROVEMENT EARLY IN 1985. THIS IMPROVEMENT SHOULD EASILY BE MAINTAINED FOR THE REST OF THE DECADE.

U.S. COMPANIES ARE NOW AT THEIR MOST COMPETITIVE POSITION IN ALMOST TEN YEARS, AND THE RESULTS ARE STARTING TO SHOW. OUR TRADE DEFICIT IS STARTING TO DECLINE, NOT BY WAY OF A FALL IN IMPORTS, BUT BY WAY OF A TREMENDOUS SURGE IN U.S. EXPORTS. U.S. FIRMS ARE READY AND ABLE TO MEET FOREIGN COMPETITION ANYWHERE IN THE WORLD -- INCLUDING IN THE USSR'S MARKETS FOR PEACEFUL GOODS AND SERVICES.

MISTER MINISTER, WE ARE NOW AT A JUNCTURE WHERE WE ARE FACED WITH A 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 ACCELERATE 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 FACILITATE TRADE AND EXPAND MARKET ACCESS 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, AND WHICH SHOULD BE THE CORNERSTONE OF MUTUALLY BENEFICIAL ECONOMIC RELATIONS BETWEEN US, IS FREEDOM OF CHOICE.

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, AND 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 VERY DIFFICULT MANAGEMENT CHALLENGES FOR COMPANIES, PARTICULARLY SMALL AND MEDIUM-SIZED COMPANIES, AND WILL NOT BE ATTRACTIVE TO SOME COMPANIES NO MATTER HOW LIBERAL THE USSR'S POLICIES BECOME.

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, NOT ONLY BECAUSE IT HAS PROSPERED TO THE MUTUAL BENEFIT OF BOTH PARTIES, BUT ALSO BECAUSE 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. SUCH A SITUATION WOULD BE JUST AS BAD AS WHEN INVESTMENT WAS NOT ALLOWED.

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 RENEWED ANNUAL SESSIONS OF THE JOINT COMMERCIAL COMMISSION, RESTORING AN OFFICIAL TRADE DIALOG.
- THE U.S. REINSTITUTED 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 BELIEVE WE SHOULD REACH AGREEMENTS THAT WILL BE IMPORTANT IN BUSINESS FACILITATION, IN IMPROVING MARKET ACCESS, AND IN TRADE PROMOTION. THE SOVIET DECISION TO DECENTRALIZE TRADE IS SIGNIFICANT, AND PRIORITY SHOULD NOW GO TO DEVELOPING EFFECTIVE MARKETING COMMUNICATION BETWEEN THESE ENTITIES 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 FACILITATE 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, AND YOU WILL FIND WE ARE HERE WITH A POSITIVE ATTITUDE TO MOVE OUR ECONOMIC RELATIONSHIP FORWARD -- AND IN SO DOING TO SEEK 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 CONCRETE AND PRAGMATIC 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.